

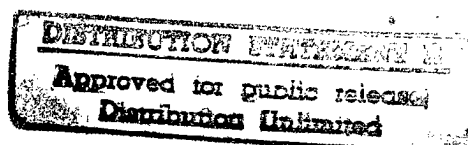
15 JULY 1991



# ***JPRS Report***

## **Soviet Union**

### ***International Affairs***



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# Soviet Union

## International Affairs

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15 July 1991

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### West Urged To Finance Soviet East Europe Pullout

91WC0120A Moscow *NOVOYE VREMYA* in Russian  
No 22, May 91 p 28

[Article by Viktor Kemenyuk, doctor of historical sciences:  
"A Million for Security"]

[Text] Here is an idea for the West: Give us money for the pullout of Soviet forces from Central and East Europe also.

The Soviet Union is withdrawing its forces from Central and East Europe. They arrived there in accordance with agreements with the competent governments of the corresponding countries in the atmosphere of the "cold war." This measure was seen as necessary protection not only of Soviet territory but also the territory of the allied countries against the threat the NATO military grouping represented for all of them. Such was the objective reality of that time, in whatever way we might now like to revise our attitude toward both the "cold war" as such and the motives and sources of Soviet foreign policy of the preceding period.

The profound changes in the USSR's foreign policy of recent years have made it possible to take a broader look at problems of security in Europe, questions of the safeguarding of the security of the USSR included. These changes have also made possible the implementation of democratic transformations in the East European countries and the achievement with some of them of agreements on a withdrawal of Soviet forces and an accord concerning the liquidation of the Warsaw Pact military structure. These measures were adopted in parallel with the completion of negotiations on a mutual reduction in conventional arms and armed forces in Europe and also negotiations with Germany on the withdrawal of Soviet forces from its territory prior to 1994.

Such a development of events suits everyone, it might have seemed. The security of the continent is being strengthened on a new basis, the threat of outside confrontation is disappearing, and the injured pride of the peoples of the countries in which the Soviet forces have been stationed is finally to be soothed.

But there is one extraordinarily important aspect of this question: expenditure on the troop withdrawal operations. The Soviet forces in the East European countries are not only leaving their military facilities and residential premises, on whose construction enormous sums were spent. It is necessary in addition to mobilize a tremendous amount of railroad, motor, sea, and air transport, allocate fuel and lubricants for it, transfer it to the areas where the forces are stationed, and embark these forces and bring them home. And housing also will cost a pretty penny: There are no barracks, no premises, no housing, no proving grounds for these forces. All this will have to be

built up. I would recall also that Poland has demanded of the USSR payment of the transit costs across its territory of the forces being withdrawn, and Hungary has made claims on the Soviet side in connection with damage to the environment.

Thus the withdrawal of Soviet forces being undertaken in the interests of the security of the European peoples is proving to be a heavy burden for the ailing economy of the USSR. In addition to the inevitable political battles surrounding the agreements in accordance with which the forces will depart, the prospect of new unproductive expenditure can only complicate the solution of such problems as a reduction in the budget deficit and support for government programs in the sphere of control of the money supply and certain others. Not to mention the fact that the exacerbation of social issues in the country will be accompanied by a growth of the malaise of the servicemen and their families.

What is to be done? Revise the timetable of the troops' withdrawal in order to harmonize it with the diminishing possibilities of the Soviet economy? Delay the question of ratification of the agreements and thereby afford the USSR budget a breathing space in order finally to balance it if only approximately? After all, expenditure pertaining to foreign commitments cannot ultimately be borne at the expense of the population's living standard. Whereas earlier such questions were decided quite simply, at Politburo level, there now has to be a procedure of ratification in parliament, and there could be very strong doubts there as to the expediency of all the expenditure connected with realization of the agreements which have been reached.

But here is one consideration to think about. In taking military action against Iraq in the interests of the world community within the framework of UN Security Council resolutions, Washington won the commitments of a number of allies and Arab countries to defray some of the United States' costs. The press is citing figures in the \$42-50 billion range to which the U.S. Administration can look forward when totaling expenditure on the use of its armed forces in the Persian Gulf. Ultimately this is right: The United States was, after all, acting not only in its own interests and not only in the interests of Kuwait but of all countries exporting oil from the Persian Gulf.

The withdrawal of Soviet forces from Europe is not only a unilateral action of the USSR undertaken in its own interests. All European countries have an interest in this withdrawal taking place as quickly as possible and in an opportunity for the creation of a new structure of security not on a bipolar military-bloc basis emerging. In this case it would be logical and right to expect that they also, like Germany, might take on some of the USSR's expenditure since the withdrawal of Soviet forces seems to them so important and decisive a condition of the achievement of a secure existence.

**'New World Order' Concept Assailed**

91UF0912A Moscow SOVETSKAYA ROSSIYA  
in Russian 25 Jun 91 First Edition p 3

[Article by Doctor of Historical Sciences B. Zanegin:  
"New World Order' or New Round of the 'Cold War'"]

[Text] There has come to be talk increasingly of late in capitals of the Western powers, and here in Moscow also, of a "new world order." This word combination is very familiar to the generation which experienced the time of the rise and fall of German Nazism. Attempts are now being made once again to introduce it to the political vocabulary, but with a different content, of course. It is a question of the opportunity being afforded, as it were, with the profound turnabout in the relations between hitherto hostile blocs (social systems), between the United States and the Soviet Union particularly, for the dangerous trends in international life to be brought under effective control and for the prevention of their growing into conflicts. Thus glowing prospects of existence under conditions of stability, security, and peace beneath the unwinking eye of the great powers, which know whom to punish and whom to pardon, are being revealed to mankind.

The sum total of events of international life of the end of the 1980's-start of the 1990's has truly occasioned a far-reaching improvement in relations between the superpowers and an end to the "cold war." At the same time, however, the international situation of these times contains complex, multilevel and varidirectional trends; they are so significant that they exclude the possibility of the reduction of the turnabout which is occurring in world politics merely to an improvement in East-West relations and those between the United States and the Soviet Union. One such trend is making itself felt particularly manifestly in the plans of the "new world order."

Mankind existed for more than 40 years under the conditions of the "cold war." Its attributes were a continuous arms race, the upgrading and expansion of the military-political and strategic infrastructure of confrontation, and enervating international tension which was the cause of many armed conflicts, each of which threatened to grow into a "big war." The geopolitical rivalry between the superpowers representing opposite social systems developed chiefly on the former colonial periphery. The confrontation between them pulled into its orbit, swallowed up, and deprived of independent significance another, no less essential conflict—the confrontation of the former colonies and the developed industrial powers. North and South.

It continued thus with certain pauses until the latter half of the 1980's, when changes in the domestic policy and foreign policy course of the Soviet Union ("perestroika," "new political thinking"), the series of counterrevolutions in East Europe, and the collapse of the Yalta system in Europe brought about a change in relations between the superpowers from "cold war" to socially impersonal partnership and subsequently even to the military-political alliance against Iraq.

The changes in the policy, strategy, and diplomacy of the Soviet Union, which has abandoned the defense in the international arena of its socio-class ("ideological") values and geopolitical positions—all this combined with the crisis of the Soviet economy and power, the exacerbation of interrepublic relations, and the threat of the breakup of the Union shook the ideas concerning the "Soviet threat" to the West and initiated a reconsideration of views of the Soviet Union and its international role in a historical perspective. A conviction as to the return of the world to a socio-homogeneous (capitalist) state with group differences of countries only according to the level of development ("degree of civilization") emerged. The concept of a "new world order," which arose out of notions concerning the "particular" responsibility of the big powers and their obligation to constitute a "concert" (something akin to the Holy Alliance of the 17th century), which is required to assume concern for maintaining order, began to take shape on this basis. The "new political thinking" was supremely opportune here. At the start of the 1990's the abrupt change in world politics had approached a conclusion. The hostile blocs declared that they no longer saw one another as the enemy. With due solemnity, in keeping with the importance of the event, an end to the state of "cold war" was announced.

Yet while exalted speeches concerning the onset of an era of peace and concord were being uttered and heard in the capitals of the world powers, in Reykjavik and on Malta and Soviet-American relations were switching from mutual understanding to interaction, it was at this time that international tension was growing in the Persian Gulf. Iraq's attempt, far from the first, incidentally, to realize its long-standing claims to the territory of Kuwait, which had been wrested from it in the process of the division and redivision of Arab land by the British land-tenure regulators, evoked a belligerent response on the part of the United States. In its plans for a solution of this problem Washington was supported by the UN Security Council, where the tune was called by the five permanent members, mostly by the United States and the Soviet Union. The American military deployment in the Gulf, unprecedented in terms of pace and scale, and the offensive structure of the military grouping of the allies predetermined the U.S. initiative at the start of combat operations and its offensive strategy. A full-scale modern, "grand" coalition war, in fact, with the use of all arms of the service and the latest weapons erupted. Victory was predetermined. It was achieved at a cost of the destruction of Iraq's political and cultural centers, the extirpation of its economic potential and the extermination of tens, possibly, hundreds of thousands of peaceful inhabitants in the course of the bombing.

There was a remarkable feature of this war, which put it in the category of historical events of great significance. As distinct from all armed conflicts of the times of the "cold war," including such major ones as the Korean War or the United States' armed intervention against Vietnam, which had always been dictated by the mission of "containing communism," the war in the Persian Gulf was waged by a coalition of developed industrial powers against a developing country belonging to the "third world." It thus

brought to an end the "cold war" between East and West, uniting in the anti-Iraq alliance countries which were members of different social groups, and at the same time signified the start of a new stage in world politics, which people are hastening to call a "new world order." Food for thought as to the kind of order this will be is provided by the war itself (its preparation, course, results, and consequences), the postwar settlement, the proposed methods of the settlement of regional conflicts, specifically in the example of the situation surrounding Cambodia, and other facts of current international life.

Mention has to be made first and foremost of the fact that the North, as a political quantity opposed to the South, has taken shape and has been officially approved in practical affairs in the Persian Gulf and on the Indochina peninsula. This is a new bloc, a "concert of great powers," with a decisive preponderance in the world community over any coalition in summary economic potential, military power, and political influence and capable in this connection of imposing a "new world order" revitalizing the ideology and practice of colonialism, which had disappeared from international relations.

The role of main instrument in the shaping and maintenance of the "new world order" is assigned its coauthors—the UN Security Council and its nucleus of the five permanent members. In the event of their continued unanimity, the goal of militarization of the United Nations and the imparting of police functions to the Security Council will have been achieved without any great difficulty.

Finally, the process of the police operation against Iraq realized in accordance with a mandate of the UN Security Council revealed and confirmed in full the role of the United States as the individual leader of the "new world order" and the holder of the decisive power means supporting this role and enabling Washington to act, if necessary, unilaterally and even in circumvention of the United Nations. A division of labor in the coalition of the North was determined at the same time also: Britain and France assumed military support, Japan and Germany, financial, and the Soviet Union, diplomatic and ideological (the "new political thinking").

I believe, however, that the plans of a "new world order" deduced from the experience of the war in the Persian Gulf are both impracticable and dangerous. These plans have nothing in common with the optimistic forecasts of international development and the promised prospects of a conflict-free, nuclear-free, missile-free, and nonviolent world. On the contrary, in the event of attempts at their practical realization, the world would very possibly face the prospect of a new round of "cold war," between North and South on this occasion. There is a telling basis for such fears.

The deep-lying basis of the North-South conflict is composed of differences in phases of development. The majority of "third world" countries is at the initial stages of integration in the world of modern industrial civilization. A struggle is under way within these countries for

choice of path toward this goal. They are entering the international arena under conditions of national consolidation, overcoming tribalism and other archaic forms of ethnic existence. International conditions, specifically the pressure of the industrial countries, are forcing the young nations to concern themselves with the defense of their sovereignty, stockpile defense weapons, and participate in an arms race. While sometimes in conflict between themselves, they nonetheless frequently struggle collectively for a worthy place in the world community.

On the other hand the industrial countries are in a different, considerably higher phase of socioeconomic development. They long since went through the "infantile disorders" of modernization. Their economy, social structures, political institutions, and international positions long ago acquired optimum forms and relative stability. At the same time the growing scarcity of nonrenewable natural resources in the developed countries and their immediate periphery is being supplemented by an abrupt complication of the ecological situation. Thus the United States alone, with a population which constitutes only five percent of the world population, consumes 40 percent of recoverable resources and discharges 70 percent of the waste. This, together with the "classical" stimuli of colonialism, explains the appeal of modern "humane" capitalism to the crudest forms of colonialism such as colonial wars. The North aspires to secure a steady flow of raw material resources and is seeking in the less-developed countries "vacant" space for the deployment of ecologically "dirty" industries and the burial of harmful industrial waste.

The nonconcurrence of development phases is being expressed politically in the difference in approach to international reality and the evolved world order. Deprived of allies in the shape of the socialist camp, the developing world is appearing in world politics as a revolutionary, disturbing element. It cannot, is unwilling and will not, evidently, reconcile itself to the position of raw material and ecological appendage of the industrial countries. At the same time, however, the industrial world, which has strengthened its position following a series of devastating blows at socialism, is demonstrating a resolve to defend the status quo in North-South relations by all means accessible to it. This is the main lesson of the war in the Persian Gulf.

It would, for all that, be a mistake to believe that there is no alternative to this development of events (the formation of a "North" bloc and its hegemony in world politics). Factors which could constitute an appreciable obstacle to the attempts to impose the American model of a "new world order" are operating. Among these factors is the anticolonial direction represented in the policy of a number of influential powers (India, Mexico, Argentina, and others) and also the socialist countries (the DPRK, Cuba, Vietnam). Particular mention should be made in this sector of world politics of China and the Soviet Union, which are among the permanent members of the UN Security Council. While having condemned Baghdad's aggression and having supported the sanctions, Beijing

diplomacy made it unequivocally understood that it did not support the use of force against a country belonging to the "third world."

As far as the Soviet Union is concerned, its place in the architectonics of international relations will depend on internal development. The political reforms have afforded an opportunity for the assumption of office in the country of social forces interested in a restoration of capitalism. If this possibility is realized, the present unnatural policy of interaction with the West against developing countries would be given a social base. But the outcome of the struggle between capitalism and socialism is far from decided. Soviet-Chinese solidarity, the solidarity of two great socialist powers, could forestall a fatal slide toward a conflict between the developed and developing countries.

### **Western 'Cooperation Council' Issues Report on Promoting USSR Reforms**

*91UF0915A Moscow IZVESTIYA in Russian 25 Jun 91 Union Edition p 6*

[Report by correspondent A. Shalnev: "Cooperation Council: Be in No Hurry"]

[Text] New York—...Travelers were flying by balloon. They realized that they were off course. They came down closer to the ground. They spotted someone. Hey, they shouted, for heaven's sake, tell us where we are. You are at an altitude of approximately 20 meters. You are in a balloon.

Yes, of course, the travelers exchanged looks, we have stumbled across an economist.

It is said that this is a current joke of Helmut Schmidt, the former German chancellor.

A joke is a joke, but it is possible to find in it a certain explanation as to why the Cooperation Council—an international research organization, of which H. Schmidt is the chairman—has preferred to concentrate its attention not on practical matters but on theories and academic search when it has dealt with the problem of economic transformations in today's world. At the Council's request this problem was studied directly by former heads of state and government, that is, people who have in real life put theories to the test and who have a specific idea as to what of economists' discoveries might work, and what, not.

IZVESTIYA has already reported on the findings of the group which was headed by former Canadian Prime Minister Pierre Elliot Trudeau and which included the former leaders of Portugal, Great Britain, Mexico, Hungary and Yugoslavia. I would like to provide certain additional information.

The Cooperation Council is now engaged in vigorous lobbying activity, trying to attract to its research the attention of as large a number of leaders of the most varied countries as possible. Copies of the report have been sent to, inter alia, President George Bush and President Mikhail Gorbachev and the leaders of all the participants in the "Big Seven" meeting to be held in London in July

and the members of the EC. The report—with an accompanying letter from Helmut Schmidt—has already gone or will in the very near future go to approximately 20-30 of the most important international organizations, both government and nongovernment, including the IMF and the World Bank.

A week ago Helmut Schmidt was in America as a "lobbyist" and also visited, as I understand it, the White House, where he met with Brent Scowcroft, Bush's national security adviser. The subject of the meeting was the report on economic transformations and the practical measures which might be adopted by the United States and the West for the purpose of assisting the transformation of the economy in various countries, the Soviet Union included.

I have no information on how Schmidt's meeting in Washington ended. But I have to mention the following point: The expert level of the material which is being prepared by the Cooperation Council on various pertinent issues is so high that the recommendations and conclusions contained in this material are frequently taken extremely seriously by governments. An example: A report of not that long since on problems of environmental protection, Dr. Hans D'Orville, coordinator of the Council, told me, was "80 percent, almost stenographically" incorporated in fundamental documents of the Organization for Economic Cooperation and Development adopted in February-March of this year.

Will account be taken of the evaluations being made by the Council on problems of economic transformation in the course of the debate which is under way currently within Western governments and between them and within international organizations concerning what to do with the Soviet Union?

We will learn the answer—or, rather, perceive it—I believe, at the London meeting of the "Seven."

The U.S. Administration is making no secret of its reluctance to rush into the "economic abyss" by which the Soviet Union is currently depicted. The U.S. Administration is demanding proof of the resolve of our intent to extricate ourselves from this abyss. The first steps, we are being told at various levels, you should take yourselves, and then we might join in, possibly.

Those operating from such positions constitute, as is obvious, the majority in Washington politics. And the majority is essentially seeking to ensure that the contours of a market economy be absolutely distinctly visible in our country tomorrow even. Then there will be talks with us in substance about cooperation and support.

But the burden of the report, prepared, I emphasize once again, not by theorists but able practitioners, the burden of what the Council's leaders are talking about in explaining the propositions of the report is precisely that getting things done overnight is impossible.

"The transformation," H. D'Orville said in conversation with me, "could take, in terms of time, a whole generation, if only because economic transformation is not feasible

without a transformation in the minds of people, who have to reorganize their culture of thinking."

"Citing a timeframe, however, which is known to be impracticable would mean," D'Orville said, "taking the risk of people, not having waited long enough to see this timeframe through, being subjected to the most severe disenchantment with the ensuing political complications."

In the sense of consideration of the time factor D'Orville considers the "Grand Bargain" worked out at Harvard by American and Soviet political scientists and economists a "most considerable improvement" compared with the "500 days" program. But all the same, the six years which are envisaged by the Harvard bargain is from the viewpoint of the Cooperation Council coordinator quite an ambitious timeframe.

But will it not seem too long to Washington? No extensive comment on the Harvard document has as yet been forthcoming from the depths of the administration but it is no secret that some very high-ranking officials—both in the National Security Council and in the State Department—have viewed the undertaking of American and Soviet scientists with thorough skepticism, and from the very outset, what is more. A part has also been played by, inter alia, the psychological factor: a bureaucracy cannot bear to have suggested to it how things should be by "outsiders" who not only are not concealing their authorship here but emphasizing their authorship in every possible way.

The psychological factor is superimposed on the political factor: One has to be naive to fail to see that for some American politicians our difficulties are an excuse and opportunity for "putting the final squeeze" on us. Those in Washington who are demanding that we have one foot in the market economy tomorrow even are unwilling to consider what is recognized as axiomatic in the material of the Cooperation Council. First, the fact that, as the report of the Pierre Trudeau group says, a market economy in its pure form does not exist. In the United States, West Europe and Japan the state sector is extraordinarily strongly developed, and the product which it manufactures accounts on average for 40 percent of these countries' GNP.

And, second, the fact that an acceleration of transformation is impermissible: otherwise its social cost would be inordinately high. "The most immediate and most central problem," the report of the Trudeau group says, "is assurance of the protection of the base living standard." Without such protection the possibilities for social upheavals are unlimited.

I would note that the material of the Council does not allow even the slightest doubt that transformation in the USSR is essential and emphasizes the importance of the fact that the USSR Government has demonstrated in every possible way and specifically its devotion to cardinal change. But what distinguishes the position of the Council from that which is occupied by many politicians both in Washington and with us is the absence of haste.

**Excerpts From Shevardnadze Book Published**  
*91UF0964A Moscow MOSCOW NEWS in English*  
*No 22, 2-9 Jun 91 pp 8-9*

[Excerpts from Shevardnadze's book. First two paragraphs are introduction.]

[Text] 'THE FUTURE BELONGS TO FREEDOM'. This is the title of a book by Eduard Shevardnadze. His book goes beyond politics and reveals the personal attitudes and emotions of a person shouldering the responsibility for decisions of state importance.

Below are several excerpts. The full text will be available in July from Novosti Publishers, as well as from publishers in Germany, France, Japan, and Great Britain.

**Explaining the concept**

Someone has said that during his lifetime every person must do several things: plant a tree, build a house, bring up a child and write a book. But is everyone able to write a book? The life of most people contains enough material for at least a novel, though in the case of many there isn't enough even for a short story.

I would be insincere if I said that my life has been poor in events and that there aren't enough of them for a book. Nevertheless, though I planted a lot of trees, built a house in the countryside and brought up children, I have not written a book. For this I have never had time.

I did not accept the offers to write a book. This time, however, I did. The time is right. Many things which we sought for during the last five years in foreign policy had been achieved in one way or another.

**1. 'I Waited For Him in The Drawing-Room'**

...Let me come back to the INF Treaty which to this day is causing a heated debate. To this day we're reproached with making the Soviet Union destroy many more missiles than the U.S. had to under the Treaty. One could be really put out by the persistence with which this simple question turns up again and again. But personally, I'm more disturbed by the silence of those who together with me pushed the Treaty through to be signed and were even decorated for it.

Why wouldn't the people's deputies from the Soyuz group direct to the esteemed Marshal S.F. Akhromeyev instead of me their overzealous questions about the destruction of the Oka missile complex? While discussing this particular class of missiles he sat next to the General Secretary. The Marshal must know better than me why he agreed to this reduction. Similarly, he must be well aware that such decisions are never taken without the approval of the Defence Minister and the Chief of the General Staff.

Concealment, like lying, is not my policy. It was not just me, but all of us—Marshals, Generals, military experts and diplomats—who, together, accomplished the great goal of eliminating a second strategic front next to our borders.

Many arguments have been suggested in favour of the Treaty. Some people accept them, others don't. But I've

never heard anyone say that our military and political situation would have been better if we hadn't concluded the Treaty.

Let me repeat that it wasn't easy to conclude. In the long and stressful process of its preparation there were more than one moment when the sides lost the guiding star. At one point we all but "lost" the Treaty itself.

Nearly at the finish the talks in Moscow were all but disrupted for purely subjective reasons. George Shultz lost his temper and left without saying good-bye to us. Following the old logic we could have said, "All right, if you don't want it, we don't want it either." But the fact was both we and the Americans wanted this Treaty very much. Having stopped Shultz as he was boarding the plane, I told him we were obliged to settle the matter. And I explained how we could do that. He agreed.

Soon after that we flew to Washington. It took only a short time to save the Treaty. Altogether it took no more than 40 hours.

The given example is the best possible illustration of the new type of relations we had developed by then.

A similar incident occurred while the Geneva accords on Afghanistan were being prepared. Without going into detail, I'll simply say that it was the question of an agreement which could allow our two countries to act together as guarantors of the accords. The discussion of appropriate formulas was long and hard. On several occasions the five-member teams who took part in the discussions left for their separate rooms to confer among themselves. Finally, when all possibilities were exhausted, the decision was up to the Secretary of State. He left with his team and was absent for about 20 minutes if not more.

I waited for him in the drawing-room, near the fire-place. Nothing depended on me any longer. At long last Shultz came in, paused and said he could not accept our option. It would be a gross understatement to say that I was disappointed. At moments like this one feels emotionally devastated. We were few millimetres short of agreeing, and we failed. George was also noticeably upset. We exchanged a few empty phrases and said good-bye, to go home with heavy hearts.

Suddenly, the following day, back in Moscow, I received a signal from the Secretary of State to the effect that the American side was ready to accept our proposal.

The agreement on Afghanistan was reached.

In our relations with the Reagan administration we travelled a long way. When the Washington administration changed, there was a certain pause which was perhaps natural. We did not realize it at that time and were worried. But the fact was it was not enough simply to continue with the "linear" development by resolving mainly bilateral issues, be it in the security sphere or in other spheres where the interests of the two countries met.

## 2. 'We Did All We Could to Let Saddam Know What he Was Heading For'

...I don't regard the events in the Persian Gulf as a "conflict." If your house is occupied by someone, it can't be said that you're in conflict with that person. You're the victim of a crime. Nor do I accept the term "war" with regard to the given situation. The coalition forces undertook military action, sanctioned by the world court, namely the UN Security Council. What they did was to restore legality.

This is perhaps the main thing: for the first time, aggression of one state against the other was cut short on a strictly legal basis, on the mandate of the UN Security Council. Were there many instances in the past when Security Council resolutions were acted upon? Hardly any. Now, thanks to new political thinking, it did happen.

It happened because the USSR and the USA began cooperating, specifically within the United Nations. The unity demonstrated at the Security Council was unprecedented in modern politics. In the final analysis, it was a unique chance to shape effective mechanisms for the defence of law and justice in international relations.

And now about the criticism levelled at me. My opponents back home did not like my address to the 45th Session of the UN General Assembly, nor the results of the voting on Security Council Resolution No. 678. They didn't like the fact that little time was allowed for talking the aggressor into stopping his bad ways and withdrawing from Kuwait.

Allegedly I plotted to involve this country in military actions in the Gulf. None of my explanations, arguments or objections have been heard. Nor, as a matter of fact, could they be heard, because all such criticism continues to view everything in the context of a "struggle between two systems."

One of my critics put the question as follows: did I fully realize what I was voting for? Was I aware that military force would be used against Iraq? Or was I not aware of the possible consequences?

Well, I'd like to answer these by saying that I was fully aware. More than that, I had precise information on that score. No one made any secret of it. I'd like to stress even that we, the Americans and other members of the coalition went out of our way to make sure that the Iraqi leadership and Saddam Hussein personally had a very clear idea of what the military operation against Iraq would look like. We used all channels and all chances to explain that to Baghdad.

We made the best possible use of "the goodwill pause," incidentally included in the text of the Resolution on my insistence, in order to persuade Iraq to leave Kuwait and warn it of possible consequences in case it didn't comply with Resolution No. 678.

During my last meeting in Moscow with Tareq Aziz I disclosed to him the information I had about the new weapons which might be used against Iraq. I said I didn't



know how long the military action would last once it began, but I had no doubt whatsoever as to its outcome in case it were not prevented.

The same day Mikhail Gorbachev gave Aziz a very tough warning, saying that his country was headed for terrible disaster if the Iraqi leadership failed to decide to withdraw from Kuwait. We didn't strive for anything else when suggesting the only sensible solution: a peaceful settlement.

Shortly before my resignation, during a visit to Turkey, I wanted to use one more chance so as to meet with Yassir Arafat in Ankara, in order to pass another warning to the Iraqis and request them to settle the matter peacefully. Alas, Arafat didn't arrive.

So who failed to keep peace? Who chose the path of war?

We informed the Iraqi leadership that there wouldn't be any restrictions on the use of force against Iraq, that the UN Resolution No. 678 didn't specify any. I don't know what Saddam Hussein was counting on, but we did all we could to let him know what he was heading for.

### 3. The Return of Europe

Besides the general political vision of the existing situation there was also a personal element. Immediate impressions from personal contacts with the leaders of the "socialist countries." On the face of it everything looked fine, like in pictures by "old masters:" embraces, kisses, mutual awards, cordial receptions, participation in congresses—ritual actions for the chosen few. Our liberal and radical "left-wing" press can't forgive us for those hugs, decrees on awards, pompous welcomes. This was a demonstration of unity, but strictly decorative. However, even the decor was being destroyed, the gilding was falling off, whereas new, previously inconceivable details were appearing on the community's facade. They were brought to light by the opposition, if the broad popular masses can be called an opposition. Evidently, they can and must be called this, because during Mikhail Gorbachev's trips around these countries, the reception accorded him by the population clearly developed into demonstrations by the masses. People acclaimed not only the initiator of renewal in the state which liberated them from fascism, but as the state which used its quislings to ruthlessly vindicate its own canon. They also welcomed him as a natural ally in opposing their own leaders. In other words—as an alternative to the existing order of things. This was easily felt in the huge crowds, in exclamations and toasts, and could be directly read on placards, slogans and posters. And as counter-demonstrations against this expression of the popular will, the authorities in some countries staged congresses which defied their own leader.

Such was the facade. In the meantime, heart-rending dramas were unfolding in the corridors of power. Myself I didn't dare to lecture anyone—I merely enunciated our principles and positions, trying to explain the reasons and circumstances behind them. More often than not what I heard in reply was not abuse, not criticism and not even a vague expression of disagreement, but a torrent of data on the

advances of real socialism. The implication was: "Everything is all right with us, and we need no perestroika."

Very delicately and cautiously Mikhail Gorbachev voiced his recommendations in talks with his East European colleagues. Referring to our country's experience, he gave it to understand that unless they took steps towards democratic change, they were bound to encounter very serious problems. His interlocutors politely listened to him, nodded in reply, and offered insignificant examples to attest to their prosperity... They were calm because they knew that this Soviet leader would not move in tanks to vindicate democracy, as did his predecessors, to suppress it.

There also were noisy "sittings"—with the direct clash of opinions and sharp disputes reaching the point of personal confrontation. In Bucharest, for example, the discussion became so heated that guards disrupted the secrecy of the negotiating room to check that everything was all right.

So far nothing was happening—merely a dispute between people adhering to diametrically opposite views. The happenings came later—in January 1990. First in Timisoara, then in Bucharest...

\* \* \*

I can well understand the intricate response in our country to the processes going on in Eastern Europe. I will neither oversimplify nor condemn them. The breakdown of the traditional centre of gravity is painful for the established types of thinking. Particularly hard was the reaction to the "disintegration of socialism" in Eastern Europe. The train of reasoning is roughly the following: only just recently the USSR used to be a great power which enjoyed prestige and delighted the whole world. And there used to be world socialism—the guarantee of our security...

It is implied, or else directly asserted, that we have destroyed all this—both the grandeur and the guarantees...

Many motives lie behind such pronouncements. Concern—lest the goings-on adversely affect the security of the chain of "allied" countries screening us from the West, and the large Soviet military contingents stationed in these countries. And, perhaps, nostalgia for the times when East European countries were seen not as entities in their own right, but as "adjuncts" to our colossus. Indeed, isn't it these emotions that permeate the claims that the "buffer zone" is crumbling in Eastern Europe and that our troops are leaving it "without putting up a fight?"

I feel pained and embittered when I hear people say that the Soviet Army did not liberate some of the European countries, but captured them as military trophies. It pains and grieves me to hear statements insulting the dignity of sovereign states.

Once I considered it my moral duty to apologize for such abusive and impermissible pronouncements by some of my fellow-citizens. I am also prepared to do this here, now.

Frankly speaking, I can understand these people, because deeply rooted in me, too, like in many others, is the faith that we are a great country and must command respect.

But great—what? In territory? In the size of our population? In the quantity of armaments? Or in tragedy? In people's lack of rights? In disruption? With one of the highest infant mortality rates on the planet, what is there to be proud of? It is not easy to answer the questions: what are we and what do we want to be? A country which is feared or a country which is respected? A country of strength or a country of good?

I don't find it easy myself to answer these questions. But when the deputies from the Soyuz group publish their famous 14 questions under the heading "Are there patriots in the Ministry of Foreign Affairs," I feel like pitying them for their rather peculiar ideas about patriotism.

What does true patriotism consist of satisfying the pride of statehood by sending someone else's children to die in an alien country, or in the courage to admit errors and avert new ones, to save the lives of young people and restore the country's good name?

We exist in the world of realities and in the world of emotions. The realities dictate one line of conduct, the feelings revolt against it.

Now let's discuss who admired what and how.

Was the world delighted when Soviet troops "put things in order" in Hungary? Or when they crushed the "Prague spring?" Or when we entered Afghanistan to fulfil our so-called internationalist duty—was the world again filled with admiration?

It is about time to understand that socialism, friendship, good-neighbour relations and respect cannot be built with bayonets, tanks and blood. Relations with any country must be founded on mutual interests, on reciprocal advantage and on the principle of free choice. This is how we started doing business, and giant changes for the better have taken place in the world owing to this. Indeed, problems have arisen, but the outcome would have been tragic if the changes had been delayed.

We would have suffered diplomatic defeat if we had tried to prevent changes in neighbouring countries. A worsening of relations with them would have occurred as a result of this, with the risk of military confrontation.

It's amusing to hear my name among the "culprits guilty of the socialist camp's disintegration." The "accusers" ought to realize that it is they themselves that have accelerated this disintegration. By their ideological conservatism, by their reluctance to understand the feelings of other peoples, by their mania to mould the latter's lives according to their yardsticks and to see sovereign states as "buffers" (as one so-called internationalist put it).

The troops pullout... It didn't have to be rushed, but should have been carried out stage by stage, and clearly regulated.

There were both proposals and statements to this effect as early as 1987. Care should also have been taken of the social infrastructure. There was time to do this. And if this time has been wasted, then it certainly wasn't diplomacy's

fault. Declarative patriotism, puffed up with questions and accusations, is futile. True patriotism—if there is such a thing—had to act.

Alas, inaction is also revered by the "patriots" as a virtue. The worse the better. And they go slow.

Procrastination had the same logic: they didn't believe that words would turn into deeds. They were used to a big gap between statements and their fulfillment. And on seeing that they had miscalculated, they demanded blood. And, what is the most distressing, they appealed to the bloodshed by the Soviet people in the name of Europe's liberation from fascism.

When preparing the text of my speech at the 28th Party Congress, I took great pains not to include one admission in it. About the feelings experienced by me in Brest at the tombstone with the names of the fallen defenders of the fortress, among which is the name of my elder brother. I was standing at the memorial stone and thinking that I would be reproached with his blood as well—as if I had betrayed it and betrayed the memory about him by "permitting Germany's unification."

I didn't permit myself to speak about this, because this problem is also my personal problem. However, the memory of millions would be betrayed by behaviour which tramples upon ideals for the sake of which Soviet people fought and died, and which in the present-day conditions creates a new threat to the security of the country and Europe.

#### 4. 'I Made My Choice'

A special commission was set up in Tbilisi on my suggestion. I insisted that it include the most prestigious and highly qualified lawyers and public figures. A similar parliamentary commission was later formed in Moscow under Anatoly Sobchak. Its task was to make a political assessment of what happened in Tbilisi on 9 April. Concurrently the Chief Military Procurator's Office was conducting an investigation.

The Sobchak commission findings were included on the agenda of the 2nd Congress of People's Deputies of the USSR. The commission was not only supposed to establish the cause of the tragedy, it was to formulate conclusions about the extent of the use of force by the army against civilians and about the legal means for dealing with such critical situations. In other words, it was supposed to design legal ways acceptable to a democratic society to deal with unrest, since the old methods of force can no longer be applied.

It was agreed that the commission's findings would be accepted without debate and form the basis for the resolution of the congress. However, the next day, 24 December 1989, the report by the parliamentary commission's chairman was followed by the chief military procurator. The latter's ideas and conclusions were completely at odds with the parliamentary report. According to him, those who suffered in the tragedy had only themselves to blame and the force that attacked the rally acted in accordance with the law. I became indignant more over the

atmosphere in which the man spoke than over his arguments. He was applauded warmly and with the same gloating that greeted the speeches against Andrei Sakharov. Not only did MPs applaud, so did those who sat with me in the box reserved for government members. The applauding shocked me. My colleagues were not applauding truth, but force, untruth, injustice and the triumph of clan interests. The ovation for the military procurator seemed to say "We've won!"

During the recess I demanded that I be given the floor. I wanted to say what I thought about the whole thing and to show that this was ruining our nascent democracy. I wanted to address without mincing words those who were shaking their fist at perestroika and its leaders. To warn against the possible consequences. To describe the circumstances in which we had to work to normalize the situation in Tbilisi: only by promising an unbiased inquiry into the causes of the tragedy and punishing the guilty whosever they were could we persuade students to go back to their studies, workers to their factories, women to their homes. This promise remained unfulfilled and in the eyes of the people I broke my word. And this is not just a question of hurting one's position but of undermining trust in authority.

Gorbachev denied me the chance to speak. He perhaps wanted to put out the blazing fire. But I thought the fire had begun earlier and only became obvious later. It could not be put down by some calculated manoeuvre. I wanted to describe the impending danger and warn the country about it. I was denied this chance so I walked out and the same day I wrote my letter of resignation. It contained no words about dictatorship, but it included words about the impending reaction and protest against it. I thought these words would be taken seriously. And my impression then was that my friend heard them. Only for this reason did I heed him and stay. But further events, a string of big and small Chernobyls made me see that what we had were not random excesses but a stable tendency that was taking a firmer hold every day. Pressure from the right-wing was mounting every day while left-wing support was declining and I had the choice of either becoming locked into an ice floe and drifting along with it, or of weaving my way among the ice floes under the threat of being crushed by them. The only alternative acceptable to me was to go into open water where I could steer my own course.

While the first and the second course of action were unacceptable to me, I was trying in every way to achieve the third alternative, and when all my chances became exhausted, I did what I finally did. It was unbearable for me to continue to take part in what totally went against my convictions.

\* \* \*

I wrote the main points of my resignation notice early in the morning on 20 December 1990 after a sleepless night. At dawn I called my daughter in Tbilisi telling her about my decision. My wife already knew about it. My relations supported me. Later when I was about to leave for the Kremlin, I told two closest aides of mine and they also supported my decision.

They say I sounded confused and too agitated. That could be. But frankly, I said everything I wanted to and I could not tell it in any other way. Many thought that I was keeping back some things, and tried to read between the lines. One good journalist even re-edited my spontaneous address: "Politics is an art of the possible. And as a professional I have provided enough proof of my adherence to compromise. But there cannot be compromise at the expense of politics itself, its very essence, its sacred goal. And we can't afford slowing down—this is simply dangerous. Under the circumstances this is not a personal whim but a vital social necessity that dictates uncompromising support for our line in foreign policy. This is not taking place.

This is how I see the situation. And since I see it this way, there is nothing left for me to do but resign."

That's right. That's what I really said but in different words. Well, my words were not so incoherent after all if the journalist understood them this way.

"Plato is dear to me, but dearer still is truth." And the truth is that I didn't abandon a friend. By resigning I meant to help him save the cause. It was not me who left him. It is a matter of people using or not using chances that offer themselves. Sometimes I think that man can be his own worst enemy. And before you look for friends you'd better become your own best friend. Not all people succeed in this.

Among the many good-byes, Gorbachev said: "I found it strange that he didn't talk to me. I said to him: I'll never forgive you for this." I responded in a jocular tone that I accepted all he said about me with the exception of the words "I'll never forgive."

Later Gorbachev said in a private talk that as a human being he understood me.

As a human being I understand him, too.

### **International Project to Send Young Chernobyl Victims Abroad**

*91UF0885A Moscow PRAVDA in Russian 17 June 91  
Second edition p 3*

[Deputy Chairman of the Board of the Childrens Fund imeni V. Lenin Z. Dragunkina interviewed by N. Gogol; place and date not given: "We Shall Warm Your Hearts"]

[Text] A major international project called "Solidarity with the Children of Chernobyl" has started. More than 10,000 children from zones contaminated by radiation in Belorussia, Ukraine and the RSFSR will be sent abroad this summer for a rest. On the Soviet side the realization of this project was undertaken by the Soviet Childrens Fund imeni V. I. Lenin. Z. Dragunkina, Chairman of the Fund, talks about it.

Strictly speaking, we should talk about the second stage of this humanitarian project. A year ago more than 1,200 children from the region with an irradiated background rested and strengthened their health as guests of scouting organizations of 15 European countries.

This year the scope of this project has expanded considerably. Japan, Australia and South Korea also wishing to host groups of Chernobyl children have joined with the Europeans. Around 2,000 Soviet children will spend several summer weeks among foreigners of the same age, become acquainted with the countries, engage in sports, and consume some ecologically pure products.

In addition to that various public, youth and religious organizations of the FRG on their own initiative invited more than 8,000 children of the Chernobyl zone. Tens of firms appeared as sponsors of this project and the German government appropriated 10 million marks for its conduct.

[Gogol] Currently you are probably being asked this question most frequently—by whom and on the basis of what principle are groups of children formed for dispatch abroad?

[Dragunkina] Formation of the groups and dispatching of children is handled directly by the Soviet Childrens Fund imeni V. I. Lenin and by the state commission for the elimination of consequences of the accident at the Chernobyl Nuclear Power Station. It is important to stress this in order to avoid any possible misunderstandings. As it was last year we are actively assisted by organs of public education and public health, as well as by the ministries of civil aviation, defense and railways.

The principle underlying selection of the children? We are dispatching for a rest primarily those children who are underprivileged. These are children from childrens homes and boarding schools as well as large and badly-off families.

[Gogol] Won't children from Russian Chernobyl be overlooked?

[Dragunkina] Not at all. Along with Minsk and Kiev addresses of children dispatched abroad include those in Bryansk, Orel, Kursk, and Tula. Groups from Russia will visit Greece, Switzerland, England, FRG, Italy, Malta and other countries.

It is, of course, unrealistic to expect to help all those wishing to visit their foreign contemporaries but the very fact that such a possibility has appeared inspires hope. In the final analysis after all, we are speaking not only of a political but a profoundly moral precedent. New relations are being created not only between people but between nations, and with an accent on the future.

Last year, in welcoming a regular group from the USSR, one of our foreign partners, in speaking to the children, said: "We shall warm your hearts." Such cordiality today is probably more important to us than economic assistance.

### Latvian Foreign Minister Interviewed

91UF0923A Riga *ATOMDA in English* No 15,  
31 May 91 p 3

[Words in italics as published]

[Text] *From 1974-77, Janis Jurkans taught English at the Latvian State University before being expelled by the administration "for political reasons." "After that, I was forced to*

*take on odd jobs," explains Mr. Jurkans, "until I began work in 1988 in the Foreign Relations Committee of the Latvian Popular Front." Mr. Jurkans assumed a position of great responsibility on 22 May 1990, when the Latvian Supreme Council appointed him as Latvia's Foreign Minister.*

How have things changed at the Foreign Ministry since you came to office last year?

We had to start from scratch. We had to change our staff and work out a new foreign policy. Some of those who worked here, for example, disagreed with the idea of an independent Latvia. Some were Soviet career diplomats who had been expelled from foreign countries for spying. These people were incompatible with the new Foreign Ministry. They had, until now, represented and worked for the realization of Soviet politics. Some were even associated with repressive organs. If such people were now to stand for the independence of Latvia, we would look rather foolish in the eyes of the world.

Nikolajs Neilands is a controversial figure who left his post as the Latvian Deputy Foreign Minister last Fall. During the 1970's Mr. Neilands worked as a Soviet diplomat in Sweden, before leaving in 1980. Swedish officials suspected him of working for Soviet intelligence, but never confronted him outright. What were the circumstances surrounding Mr. Neilands' departure from the Latvian Foreign Ministry?

These are very sensitive matters, as you may understand, and I wouldn't like to go into details on Mr. Neilands' departure from the Ministry.

How many people are presently working at the Foreign Ministry?

I cannot give you a precise figure, but we have around thirty people working for us now. If we take only those who are actively involved in politics, we have maybe seven people, not more. The rest are technical staff: secretaries, interpreters, and so on. Of course, this is abnormal.

I must stress that the Foreign Ministry today is not yet complete. It's still in a formative stage. It is one thing to dismiss members of the old staff and quite another to find new people to replace them.

We do have vacancies, but finding qualified personnel to fill them has been very difficult. Also, we pay comparatively low wages at the Ministry. People with a good education often choose to work in cooperatives or other places where the wages are higher. That's our biggest problem—finding qualified personnel and the means to pay for them.

You also said that your foreign policy had to be changed.

In fact, it had to be started anew. This government has aims completely different from those of the previous government. We seek independence. Our foreign policy aspires to create favourable conditions and a favourable international atmosphere for our government to carry out its goal of regaining independence for Latvia.

Are you still dependent on Moscow in any way?

Our consular department, which issues us our passports for travel abroad, is still dependent on Moscow. We must still

use Soviet passports when we leave the country. Politically, however, we are independent.

Are there any other ways in which you feel restricted by Soviet authorities?

Practically, it is very difficult for us to fulfill an independent foreign policy. Firstly, Soviet customs could choose to detain me and prevent me from leaving the country. Secondly, we do not represent a government which completely controls the situation in Latvia. The recent OMON attacks on our customs posts attest to this fact. This creates huge problems for the Latvian government and for us here at the Foreign Ministry. Clearly, outright independence is still someplace ahead.

How are you viewed in the West?

We are fortunate that 58 countries have never recognized our incorporation into the Soviet Union. I think that this is the key to our independence. If it weren't for this non-recognition policy of the West, we would have the same status as other Soviet republics. It is an achievement for the world's democratic nations to have steadfastly refused to recognize our incorporation for over fifty years.

How does your status in the West differ from that of other republics which are seeking independence from the Soviet Union?

Foreign officials and heads of state now meet regularly with Baltic representatives. Baltic support groups have been organized in several Western countries and in the European Parliament. Baltic information bureaus, which would eventually function as future embassies, have been opened in Copenhagen, Stockholm and Brussels. An agreement has been reached to open one in Paris as well. The participation of the Baltic States in the CSCE [Conference on Security and Cooperation in Europe] has been constantly discussed.

Do you foresee *de facto* recognition of the Baltic governments in the near future?

Yes, this process is already underway. Baltic representatives are being received at the highest possible levels in Washington, Ottawa, London, Paris, Bonn, the Scandinavian capitals and elsewhere.

What are the principal goals of the Latvian Foreign Ministry?

The principal goal is to reach a situation when we can begin establishing diplomatic relations with other countries as an independent state. Until then, we must further the internationalization of the Baltic issue. We would like an international commission to be set up, which would work out concrete steps to solve the Baltic issue on an international scale and call an international conference.

We would initially like to obtain at least observer status at the CSCE. If we received this status, we would only get to sit in the conference room at a separate table. Nevertheless, this would signify to the whole world that the Balts are on their way to independence, and that they are being treated as a special case, separate from the republics of the Soviet Union.

Are the independence aspirations of the other republics such as Armenia and Georgia helping or hindering the Baltic cause?

We have the historical precedent of having been recognized as independent countries, which sets us apart from the others. As for other republics which no longer wish to be part of the Soviet Union, that is their right. Their aspirations neither improve nor hinder our chances. We have to be concerned about whether the democratization process in the Soviet Union will continue. If this process is unsuccessful or collapses completely, then we can forget about our independence.

How do you foresee the future development of relations between Latvia and Moscow?

Our relations must develop through negotiations based on an equal partnership. I believe that Moscow will eventually be compelled to establish diplomatic relations with Latvia. However, nobody else will do so before Moscow does.

The Scandinavian countries have made overtures to recognize the Baltic States diplomatically. Might some of them not establish diplomatic relations with Latvia before Moscow does?

No one would do that. What would be the use of establishing diplomatic relations if we are unable to grant visas to their representatives? They would still have to apply at the Soviet embassy for visas to enter Latvia.

Are negotiations currently taking place with Moscow?

We planned to receive a Soviet delegation here today [23 May], but the day before yesterday they informed us of their wish to postpone the meeting. Basically, the Soviet government is not yet ready to negotiate. Moscow doesn't know what it wants. I am not sure if the Soviets have completely worked out their "nine-plus-one" formula [the new Union Treaty to be ratified by nine republics and the Soviet government]. They are buying time. All talks with Moscow would be superfluous until the accord for the new Union is set up.

How will the recent incidents at the Latvian customs posts affect relations between Latvia and Moscow?

I don't think that the hard-liners and hard-core communists will let us go without some more bloodshed. They will try hard to persuade us to remain in the Union.

They might try to bring us to our knees economically. The resulting economic hardships could provoke political unrest, especially in Latvia, where 50 per cent of the population is non-Latvian. If our government doesn't quickly address pressing economic issues, we will be faced with some serious problems.

The road to independence will not be paved by someone else—we'll have to pave it ourselves. I don't think that this will be an easy process. The details still have to be worked out with Moscow, but sooner or later, it will be so.

How soon?

We may gain political recognition as early as this year, but that will depend on the development of democratic processes within the Soviet Union and on Western support for the Baltic States.

**Maj Gen Lebedev on Visit to NATO HQ***91UF0893A Moscow TRUD in Russian 20 Jun 91 p 5*

[Article by Major-General (Retired) Yuriy Lebedev: "Will NATO Remove its Shoulder Boards?" subtitled "If We Are Going To Quit the Path of 'Cold War,' Let Us Do It Completely"]

[Text] Brussels-Moscow—The barrier was raised, the bars of the gate slid noiselessly apart, and our bus entered the grounds of NATO Headquarters in Evere on the outskirts of Brussels. The grayish two-and three-story buildings, lit by the morning sun, seemed more welcoming than two years ago, when I had first visited this organization. Both the benevolence with which the group of Soviet journalists was received and the understanding that the times of the "cold war" are receding further and further into the past evidently contributed to this perception.

Of course, the Soviet journalists were burning with a desire to learn at first hand, as they say, about the transformations which the North Atlantic alliance is to undergo to conform to the situation that is taking shape on the European continent. And it has to be said that our hopes were justified. The journalists were accorded an opportunity to chat with senior employees of NATO Headquarters, who described this organization's role in the new European architecture and its strategy in the changing environment.

The meeting with NATO General Secretary Manfred Woerner was central, of course. He declared in his speech that it is now that "there is a historic opportunity for building a new Europe and creating a European security which is based not on confrontation but cooperation." "We in NATO," the general secretary emphasized, "are firmly resolved to take advantage of this chance not to let the historic opportunity slip."

For this, M. Woerner believes, it is necessary to accomplish two main tasks: to transform the alliance in accordance with the demands of the situation and build a new order of security on the continent. It is essential to build this security together with the Soviet Union, not against it, what is more.

NATO military strategy is changing in the direction of a reduction in the armed forces. Now, M. Woerner said, "we have no need to maintain eight army corps along the eastern border." It is perfectly natural that in this situation NATO is intending to broaden and intensify relations with the USSR and the East European countries. A visit to NATO by the president of the USSR could contribute to this, it is believed here.

As far as the building of a new Europe is concerned, NATO sees its alliance as a support of the new European structure. The European Economic Community and the Council of Europe are seen as the other supports. In addition, NATO

is not opposed to the converted European structures incorporating not only the West European countries, neutral ones included, and the United States and Canada but also the Soviet Union and the other former states that were members of the Warsaw Pact.

Having heard the NATO general secretary's words concerning the equal partnership of the Soviet Union, I involuntarily recalled events of more than 50 years ago, on the eve of World War II. After all, it is common knowledge that the practicable and specific initiatives of the USSR and other peace-loving forces pertaining to the creation in Europe of a system of collective security were foiled by the governing circles of Britain and France at that time. Their fear of the mythical "red threat from the East" prevented Western politicians displaying soberness of thought and contributed to the unleashing of Hitler's aggression.

And only the wars which crashed down on the European peoples, primarily the real threat of fascist enslavement, restored to many people in the West their sense of political realism. As a result, following the forced entry into the war of the socialist Soviet Union on 22 June 1941, a political and military alliance of states with different sociopolitical systems was created.

A truly permanent lesson of history, which we cannot fail to mention particularly at the time of the 50th anniversary of the start of the Great Patriotic War. It is notable in that broad-based fruitful allied relations took shape between leading states with different social systems for the first time since the October revolution. Their basis was recognition of the main point: A pooling of all forces was necessary for the sake of the salvation of mankind and in the name of the smashing of fascism and the establishment of lasting peace.

This lesson of the past shows incontrovertibly that in the solution of global problems common to all mankind the cooperation of states of the two opposite systems in the modern world is not only desirable and not only essential but also possible.

The question we put in NATO first of all: Why is it necessary to preserve and modernize the military structures of the North Atlantic alliance under conditions where there is no enemy in the East, was in connection with all this not fortuitous. NATO spokesmen referred in reply to the likelihood of instances of "varying risk" emerging. Some instances, in their opinion, could be connected with "the instability of the situation in the USSR and the East European countries," others did not rule out conflicts like that which was recently unleashed by Iraq.

In the same key M. Woerner confirmed once again that the new structure of security in Europe would not replace NATO. Having increased the political components and reduced to a particular level its military potential, NATO would continue to exist as a defensive alliance. But the Soviet Union, according to him, should have no fear of NATO. "We," the general secretary maintained, "do not aspire to have the possibility of destroying the USSR."

...Having arrived in the morning, the Soviet journalists left NATO Headquarters in the latter half of the day. We took with us a feeling that the positive processes in Europe born of the new political thinking were penetrating the core of the North Atlantic alliance, for all that. The basis of these processes is the safeguarding of European security, the surmounting of the mutual mistrust which built up in the decades of the "cold war," and movement toward new forms of cooperation.

At the same time the logic of common sense simply did not allow us to accept the arguments in support of the preservation of the NATO military organization—an organization that was opposed to the Warsaw Pact, which does not now exist. I would like to believe that present-day realities and time will assist the thorough recognition and, then, the elimination of this illogicality in the course of the evolution of the North Atlantic alliance.

**Customs Official Explains New Duty Rates**

91UF0919A Moscow IZVESTIYA in Russian 25 Jun 91  
Union edition p 4

[Interview with L. Lozbenko, first deputy manager of the Customs Service, conducted by G. Alimov; place and date unknown: "Customs Are Beginning and Who Is Benefiting?"]

[Text] **The decision of the USSR Customs Committee to raise the 1 July dues on goods imported into the country by citizens has had the effect of an exploding shell. What is happening? We L. Lozbenko, first deputy manager of the Customs Service for an explanation.**

[Alimov] Leonid Arkadyevich, honestly speaking, I do not understand why is all this being done: to levy a fee on stockings and plus-fours? Why should I be prevented from bringing from somewhere else such items which are totally unavailable in the country?...

[Lozbenko] With your permission, I would not formulate the question so categorically. To begin with, there is no validity to this whatsoever. The reports published in the mass media have put things upside down. Second, who said that you cannot bring objects in? All the rules, which have been in effect for the past two years, applicable to people who go abroad on an assignment or as visitors or tourists, and who bring into the country goods for personal consumption have remained absolutely unchanged, and nor will they change starting with 1 July. What will change will be the rates of the customs fees for those who bring objects in salable quantities. Bluntly said, this applies to those who practice a shuttle trade: import goods here, sell them, buy something else, and bring it into the country to sell them.

[Alimov] So let them bring the goods in. If there is demand there will be supply.

[Lozbenko] That is precisely what we say: bring in, bring as much as you wish, we shall let everything go through. But be kind enough to pay your customs fees. No normal country would shut its eyes at such a situation. Ask yourself the following: Why is it that these "businessmen" or, as we describe them, these mules, loaded to the gills, prefer to bring goods in like travelers instead of through commercial channels? Simply, this is an easy way to avoid paying customs fees. No country would allow this. Any commodity which crosses the border of any country is, naturally, taxed with a certain fee. For the time being, there is no normal market in our country and we are forced to make a clear distinction between commercial and non-commercial trade. In commercial trade, starting with 1 January of this year, an export and import fee has been levied. After working for three or four months on this basis, a number of "businessmen" realized that their income was no longer growing at such a high rate, and they found a way not to share such superprofits with the state, i.e., with us, the taxpayers. They began to switch from commercial to noncommercial trade, which has entirely

different customs fees. Using the price differentials, they can thus earn huge profits but are unwilling to pay the due taxes.

[Alimov] You see, Leonid Arkadyevich, a businessman is a businessman. In other words, there are many people who have foreign currency and who bring items for their relatives, for their homes, and for their families.

[Lozbenko] We are not dipping into their pockets. Let them bring in goods worth even \$10,000. We would let them go through without any fee. The only condition is for them to have obtained the foreign currency legally. I repeat, they will pay no customs fees. Let them bring in television sets, video recorders, refrigerators or clothes, as long as they do not bring in a large quantity of the same type of goods. It is obvious that when someone brings in 15 television sets or video recorders, 1,000 pairs of shoes, and so on, that they will not be for personal use. This already becomes a commercial shipment.

[Alimov] The order on increasing customs fees as of 1 July includes a rather unclear rule as to insignificant and significant surpluses of objects which are brought in. Who will be the judge of this?

[Lozbenko] The customs officials. I can assure you that the absolute majority of our citizens who return from abroad can bring anything purchased with the money they have saved. There is no problem here. The customs official will not begin to hassle you for one or two cassette players, a television set, or some 15 pairs of tights. There is a gift quota for importing goods into the country, set at 1,000 rubles. We have now asked the government to raise this quota to 2,000 rubles. In this case we specifically proceeded from the fact that the market is empty, to let people bring things in. In such cases no customs fees whatsoever would be paid. If such a quota is significantly or insignificantly exceeded, the customs official has the right to ask, based on the duration of the trip and its purpose, about the origin of the money with which this part of the goods was purchased. For example, if a person has been earning a salary and can prove this with a certificate or any other payment document, there would be no question whatsoever and nor would any customs fee be paid. The foreign exchange must have a legal origin.

[Alimov] You mentioned individual needs. Who could determine what such needs could be in the case of a specific individual?

[Lozbenko] You must agree that 15 television sets or 1,000 pairs of shoes are somewhat excessive for personal use or for use by one's family. In that case, naturally, the customs official will mandatorily stop such a shipment and will let it through after the proper fees have been paid.

[Alimov] How will the system of "green corridors" function henceforth?

[Lozbenko] No one intends to stop it. But if we were to catch someone with a shipment of commercial goods the penalties will be much higher, for this means that that individual had deliberately intended to deceive the customs official.



Let me repeat once again: The decision to increase customs fees will not affect any ordinary honest person or harm his interests. Nothing will change in this case and nor should it be necessary to start rushing for the border, with the idea that starting with 1 July, such people will begin to be persecuted.

#### Commentary by A. Protsenko

Let me repeat what was already said in IZVESTIYA in the article "A Tax on Smoke" (No 145): "Why is it that the moment the state begins to be concerned with the simple Soviet person, the latter's situation becomes immediately worse than it was before such concern was shown?"

We are being told that the new tax rates will restore social justice and deprive the "trade shuttlers," who have decided to use the passenger corridors for moving in consumer goods, of their superprofits. It is claimed that it is precisely they who will suffer.

But is there anyone who does not know that in that case it is not the merchant-middleman but the purchaser who will suffer and who, in the final account, will have to pay the customs fee?

Incidentally, a technical detail about which the head of the Union Customs Services would rather keep silent: Why is it that the officials who drafted the new rates found the willingness and the time to set the fees for virtually any variety of goods brought into the country but lacked the time to determine the number of television sets or tights which could be qualified as a commercial shipment? I heard, as a justification, that in this case it is very difficult to draw a line and, indeed, who can say how many objects become a pile: three? four?

However, it is precisely this problem which must be solved on a daily basis by the rank-and-file customs personnel in checking the personal luggage of passengers coming by air, rail or motor vehicle. Who deemed necessary to assign such a tremendous economic power to a modest official?

The same applies to the customs check of our ordinary tourist or person assigned abroad, who brings in a "petty commodity." Could he have been left alone? Now, however, he too will have to pay a fee even if he is bringing items in quantities which "insignificantly exceed the limits of personal use." Once again, these limits are defined not by the future user but by the customs official, who is thus given additional power over those who cross the border of the USSR.

Nonetheless, all these are details. The very principle of extracting, for the benefit of the state budget, as much of the income of the citizens of our country as possible is immoral and inconsistent with the present interest of our poor country.

Yes, all countries erect customs barriers, the purposes of which are two: fiscal, i.e., to add to the budget, and protective, to protect the domestic producer from a flood of similar and less expensive goods produced abroad.

Our state has already learned about the "fiscal" part: The moment someone starts to be better off, the "rules of the

game" in his case change immediately, in such a way that the main share of the profit goes not to the entrepreneur but to the state. However, has the state learned how to protect our own domestic consumer market?

What we need is not to "protect" us from imports but the opposite. Today the only way to protect our domestic consumer market is to speed up filling the store shelves. At the start, let it be with any type of commodity and at any price. It is only if there is an abundance of goods, and even an overabundance, that we could hope for a gradual and general drop in prices and for the fact that in the stores, along with the extremely expensive goods, goods sold at moderate or at very low prices will also appear. However, the present introduction of the new customs fees could result in nothing but the opposite: an additional price increase and, in the final account, fewer good imports.

Incidentally, throughout the world we see today a clear trend of lowering customs fees, while in our country they are being raised. This may possibly reduce the number of rich people in the USSR, although, incidentally, this is not very likely. More than anything else, however, the expected addition to the state budget will come out of the pocket of that same simple Soviet person for whom the Union government, once again, has displayed touching concern. It is not the number of rich people that will diminish but that of the poor that will increase.

#### Customs Officials on Impact of New Rates

91UF0927A Moscow ARGUMENTY I FAKTY  
in Russian No 25, Jun 91 p 4

[Unattributed interview with L. Lozbenko, first deputy chief of the USSR Customs Committee; place and date not given: "Passions Surrounding Customs"]

[Text] Starting 1 July, new customs tariffs will go into effect; they will affect items sent through the international mail or brought in by citizens crossing the USSR state border. What was the reason for this action? We asked this question of L. Lozbenko, first deputy chief of the USSR Customs Committee.

[Lozbenko] We developed new tariffs with two goals in mind. First, to bring the price of goods on our domestic market in line with prices in the West; second, the new tariffs should play a trade-political role.

Several months ago the government introduced, in addition to the existing duties, an import-export tax on certain groups of goods most often brought into the country by newly hatched businessmen. Later these goods are sold on either the "black market" or through commercial stores, bringing enormous superprofits. With the introduction of the new tax a large part of these superprofits started to flow into the state budget. Enterprising people, not wishing to share with the state, immediately moved the flow of goods to the passenger lines, where custom duties are considerably lower. Certain groups of "passengers" emerged, making shuttle runs to procure goods in Singapore, Hong Kong, and so on. Rather shady personalities, I must tell you. By bringing the goods through the passenger turnover,

they underpay considerable sums into our common budget. Could we tolerate this? Of course not.

[ARGUMENTY I FAKTY] Does it mean that coming from abroad now we practically have to pay for each pair of socks and each handkerchief twice—in the store and to customs?

[Lozbenko] No. As before, a citizen crossing the USSR border has a right to bring into the USSR duty-free personal items and other things intended for his personal use or that of members of his family and acquired for legally obtained currency. In addition, we have proposed that the government permit the bringing into the country of duty free gifts up to 2,000 rubles [R] instead of the current R1,000. The duty applies only to the goods in quantities clearly intended for commercial purposes.

[ARGUMENTY I FAKTY] But who determines the line between what is needed for personal use and a commercial quantity? Especially considering that now, given the shortages, I, for instance, buy the same socks for myself in quantity. Besides, whether to apply the minimum or the maximum tariff is also determined on the basis whether the quantity and the cost of the goods "significantly" or "insignificantly" exceed the limit of personal consumption. Where is the line?

[Lozbenko] As before, the customs inspector determines it on the spot. The assortment of goods being brought in is expanding, and we decided not to come up with precise figures for each item.

[ARGUMENTY I FAKTY] That is, you rely on "proletarian intuition"... But customs inspectors also are human; this means that there is a possibility of abuse on their part, especially considering that they are given such wide latitude in their powers.

[Lozbenko] Yes, there is a potential for abuse. Starting July, however, you get the right to appeal the actions of a customs inspector both through administrative channels and through the court.

[ARGUMENTY I FAKTY] Do you not think that by raising customs tariffs you are stimulating a new spiral of rising prices? Would it not be better to just ignore this underpayment into the state budget for the sake of having more goods—good and varied ones?

[Lozbenko] We are not hiking prices; we are only following them. According to our forecasts, the introduction of new tariffs will not interfere with the market saturation; it will only contribute to a correct price formation. The custom duty will accomplish the redistribution of superprofits, while the money from the wheeler-dealers will come back to us, the taxpayers, to be used for social programs. [end interview]

FROM THE EDITORS. Combating profiteering is a noble cause, of course; all our governments have been consistently doing this for more than seven decades now. The consequences of this desire to achieve a mythical "social justice" can be seen daily on the shelves of our stores. Therefore, no matter how much the esteemed leadership of

the Customs Committee tries to convince us that the new tariffs will not cause a rise in prices, we do not believe them (see the table below); meanwhile, an attempt to bring our prices to world levels while our salaries remain at a level 20 times less than the European subsistence minimum will only lead us to greater impoverishment.

#### SOME CUSTOM DUTY TARIFFS

Item Description	Minimum Tariff	Maximum Tariff
Perfume, gross weight, in kg	R200	R1,500
Suitcases, handbags, attache cases, per item	R70	R150
Clothing made of natural leather, of price	30 percent	80 percent
Coats, jackets, dresses, slacks, per item	R130	R400
Fur clothing, of price	30 percent	60 percent
Shirts, per item	R15	R40
Men's underpants, undershirts, per item	R5	R10
Pantyhose	R6	R12
Leather shoes, per pair	R60	R120
Lighters, thermoses, of price	50 percent	100 percent
Refrigerators, freezers, per item	R350	R1,000
Electric typewriters, per item	R400	R2,400
Floor polishers, vacuum cleaners, per item	R300	R800
Electric irons, per item	R20	R70
Audio cassettes, per item	R5	R20
Stereo cassette recorders, per item	R500	R1,500
Video cassette recorders	R1,000	R5,000
Passenger cars, per item (depending on engine displacement)	R10,000	R70,000
Chandeliers, of price	60 percent	90 percent
Lighters, thermoses, of price	100 percent	—*

\*[repeated category as published]

#### Joint Venture Plans to Revitalize Soviet Shipbuilding Industry

91UF0887A Moscow TRUD in Russian 18 Jun 91 p 3

[Interview with Shipowner and Banker Bruce Rappaport by TRUD Political Commentator V. Golovachev, Geneva, date not given: "You Cannot Hold Out on the Foreign Market Alone: A Swiss Millionaire Is Prepared to Stimulate the Growth of the Soviet Shipbuilding Industry so that it Can Occupy a Leading Position in World Ship Sales"]

[Text] Prior to the meeting with Shipowner and Major Banker Bruce Rappaport, I had heard a lot about him. I encountered this name for the first time in November 1990. A USSR Council of Ministers resolution signed by then Head of Government N. Ryzhkov discussed the creation of Sudopromimpeks Concern with the participation of Sudoeksport V/O [All-Union Association] and

many Soviet shipbuilding plants. The resolution also stipulated that the concern is creating a joint company abroad with the participation of the firm Inter Maritime Management (abbreviated IMM). "What is this firm?" one of our experts asked at that time.

"Well, this is a reputable company," he answered. "Bruce Rappaport, an extremely famous man and a major figure in the business world, heads it. He has six companies and IMM is one of them. Incidentally, it is engaged not only in shipbuilding but also in maritime transport, the energy industry, the banking business, tourism.... Rappaport has managed to create a major banking association, Bank of New York—Inter Maritime Bank.

Several days ago, I met with Bruce Rappaport in Geneva.

Robust, athletic, and tanned, he looks much younger than his 69 years. His parents—emigres from Odessa—left Russia in the 1920's. They settled in the Middle East. Bruce Rappaport was born in Palestine. He has been living in Geneva for a little over three decades.

Our conversation began with the main question—on the Swiss firm's cooperation with Soviet shipbuilders.

[Golovachev] Mr. Rappaport, why did you decide to resort to such an unusual step—to assist Soviet shipbuilding to quickly occupy a fitting place on the world market? What will it give the USSR and what will it give IMM?

[Rappaport] I am deeply convinced: there are extremely promising prospects for both sides here. Let us examine the situation. Let us frankly say: Today the USSR does not have many opportunities to access the foreign market. Yes and the Soviet people themselves frequently need that limited production that goes abroad to stabilize the economy within the country. For example, automobiles.

At the same time, the USSR has the opportunity already in the near future to provide expensive products to the foreign market which, first of all, are not consumer goods, secondly, will be competitive and, thirdly, there will be many buyers for them. I have in mind large ships.

[Golovachev] Do you think that we can rapidly expand our participation in the world ship market?

[Rappaport] Without a doubt. The Soviet shipbuilding industry has powerful potential. Many of your plants have quite a bit of modern (including Western) equipment. In this sector are highly skilled personnel: both workers, engineers, and designers (the Russian shipbuilding school has ancient traditions). You have everything for success: a developed infrastructure, work experience with modern projects, and unimpeded access to an energy base and raw materials. In short, there is a good foundation.

All of this is so. And nevertheless the potential that exists in your shipbuilding is still not completed ships. For them you need, besides what your country has, something else that the USSR does not have: foreign electronics (for navigational and other equipment), modern finishing materials, etc. Despite the good level of Soviet plants on the whole, many of them nevertheless require reconstruction and some of them partial retooling. Investments in the

social sphere are absolutely necessary (otherwise skilled specialists and workers will leave and already right now, for example, their outflow is already occurring to cooperatives. All of this requires large, very large expenditures in hard currency. Tens, hundreds of millions....

And it is not so easy to obtain credits today, all the more so for large sums. And here our financial system can play a very important role: to provide the Soviet shipbuilding industry access to world hard currency markets because our guarantees and the prestige of the Bank of New York carry quite a bit of weight in the business world. I am convinced that with the proper organization of business it is entirely realistic to begin raising shipbuilding to new heights and to actively access the world ship sales market.

Our company wants to promote increasing the quality and competitiveness of Soviet shipbuilding. It is important to reinforce the atmosphere of confidence toward Soviet shipbuilding in the business world.

[Golovachev] Will there be demand for this product?

[Rappaport] That is a very important question. Actually, we also began our research work with that question before we made an offer to Soviet shipbuilders. In the next decade, a large number of ships in the world need to be replaced. This is subject to a quite accurate forecast. The world fleet is old, its average age is 17-18 years. And a ship's service life is 20-22 years. So replacement is inevitable. New ships with a total deadweight (total cargo capacity) of more than 250 millions tons are needed. This is many hundreds of ships.

The question arises: where do we place the orders? Right now Japan and South Korea lead the current world market. But their workload is practically completely filled for the next two years. The Scandinavian countries, Great Britain, and the United States have their own problems. This creates an extremely favorable situation for the USSR to aggressively access the world market.

Today the USSR's share here is a total of one percent and Japan and South Korea (taken together) have 58 percent. I remind you: annual turnover in this market is \$20 billion. That is, this is a major business which provides extremely significant profits. Calculations by our experts show that with the improvement of product quality, Soviet industry could achieve at least 20 percent participation in world ship construction in the next 2-3 years. And by the end of the decade this share could increase to 40 percent.

This is how the foundation will be laid for the USSR's penetration into the foreign market which would promote bringing the country out of the crisis more rapidly.

[Golovachev] But what will Inter Maritime Management get from this?

[Rappaport] IMM is not striving to rapidly obtain profits. But in so doing, we naturally are not interested in losing money. At the current stage, we plan to once again invest our profits in the development of Soviet shipbuilding and in retooling Soviet plants. Under the indispensable condition: that the workers receive a share of these profits which

will certainly raise their standard of living. In other words—I want to especially stress this—it is a question of worker participation in profits. Both sides will gain. Inter Maritime Management and the Ministry of the Shipbuilding Industry have created a joint company—Soviet Inter Shipbuilders. Its main task is modernization of more than 30 Soviet shipbuilding plants and the commercial offering of their output on the world market. Incidentally, IMM has already received over \$2 billion worth of orders from Western shipowners.

[Golovachev] As far as I know, the leaders of some shipbuilding plants think that it is more advantageous for them to access the world market by themselves without utilizing the services of the joint company. And, by the way, a number of enterprises have already been totally supplied with orders for the next few years....

[Rappaport] Well, the plant itself decides. I know that no one in the USSR is forcing enterprises to become part of Sudpromimpeks Concern or to utilize the joint company's services. People must actually become convinced of what is more advantageous. There is no order "from above" in a market economy and economic calculations prompt a decision (naturally, for those who can calculate).

I will only point out that our firm is jointly operating with three other internationally recognized shipbuilding firms—Epldor and Sean Hunter from Great Britain and Rauma from Finland. Specialists from these firms visited Soviet shipbuilding plants. Having studied the enterprises, the experts prepared very important documents for them—they indicated the most profitable types of ships which are required in the next few years and suggested optimal planning methods for each enterprise in accordance with world market demand, etc.

In general, I must say that it is very difficult to be alone on the world market. Your businessmen who are starting out will soon sense this. Naturally, a plant will receive an advance for construction of a ship but will it receive credits for reconstruction of the enterprise? And based on what?

But I nevertheless do want to impose my opinion on the shipbuilding plants. Let them decide for themselves. Let them test their strength at predicting the situation on the market for three, five, seven years ahead and in marketing, and let them find technical assistance experts, and let them search for hard currency.... I sincerely wish them success. If things do not turn out, the joint company is prepared to come to their assistance but the main thing is not to waste time and to take decisive steps while they are still afloat.

[Golovachev] What difficulties are arising in Soviet Inter Shipbuilders Joint Company's activities?

[Rappaport] As in any new business, there are quite a few difficulties. For example, bureaucratic red tape, indecisiveness, and at times the Soviet partners lack of skill in financial and commercial issues, the unstable situation in your country, and the imperfections of Soviet law....

[Golovachev] Mister Rappaport, I would like to ask a not very pleasant question. In an article in the Soviet press, an

attempt was made to tie your name to financial machinations that have occurred and the Indonesian State Company Pertamina was named in this connection. Could you clarify this situation?

[Rappaport] Gladly. The essence of the matter is as follows. Since 1965, Inter Maritime Management has supplied ships and tankers to this company. Business was proceeding well and the oil boom was in full swing. But the market situation changed 10 years later and there were oil surpluses. The Indonesian Company Pertamina found itself in a difficult situation, violated the contract, and refused to pay its debt. And it was large—\$90 million. Well, how did we need to act in this situation? We conducted fruitless negotiations for a year and a half, we coaxed and persuaded.... And later we were compelled to take Pertamina to court. As a result, the parties arrived at a friendly settlement in 1977 and are still business partners at the present time. The debt was totally paid.

[Golovachev] And the last question: Are you confident of the success of the large-scale business deal you have begun with your Soviet partners?

[Rappaport] Totally. Otherwise, it would not be worthwhile to undertake it. Of course, there is a complicated transition period occurring in your country right now. The issues of denationalization and the division of property between the Center and the republics are being discussed. But, by way of illustration, if state enterprises become joint-stock companies, many issues will be resolved.

### Western Consortium's Investment Plans

91UN1957A Moscow ROSSIYSKAYA GAZETA  
in Russian 26 Jun 91 p 3

[Report by Yuriy Kukanov: "Peter and Paul Committee of the Polymon Companies Offers Sausage, Automobiles, Baby Romper Suits, and an Airport"]

[Text] Leningrad—It seems that big business does not try to conceal that its hopes for establishing serious business relations with the Soviet side hinge on the democrats' victory in the 12 June elections in Russia. "It is our honor to congratulate you on your success in the mayoral elections. The election results give us full confidence in the future of your remarkable city and the renewal of St. Petersburg." This is from the letter to the first mayor of Leningrad, Anatoliy Sobchak, from Jean Pierre Tersou, director general of the RAI [expansion unknown] company—one of the 150 largest companies in France, the United States, Italy, and Canada that are part of Polymon [name as transliterated] industrial group.

Its interests lie in the development of the northwestern region of Russia. To coordinate efforts in the implementation of multipurpose programs, it proposed formation of the Peter and Paul Committee, which also included the Lombardi industrial group, the joint-stock society Finkocit, and the Italian Ferrari company.

The committee's intentions range from communications development to the manufacturing of food products, expansion of the subway network, assembly of various

models of cars, soft drinks production, and the construction of an international airport. This is in the future.

The Western businessmen's idea of the future does differ from ours, though. For instance, in the future—already in 1993—the RAI company guarantees putting on line a plant that will convert cellulose into hygienic products for children, women, and the elderly. The products—diapers, swaddling clothes, baby romper suits, tissues, various napkins, etc.—are unusual for us, but in the United States \$4 billion worth of them are sold annually. Work is going on now on legal documentation for a joint Soviet-French enterprise, which will include the Leningrad plant Russian Diesel, the Svetogorsk Cellulose and Paper Combine, and the RAI company.

The latter is ready to finance the construction of the enterprise—an investment estimated at \$50 million.

“By the end of this year,” says Jean Pierre Tersou, “Soviet people will be able to buy our products for rubles. In addition, the capacities of the Svetogorsk combine—which is now used only to 30 percent capacity because of raw material shortages—will be utilized in full. Our plant means 3,000 new jobs. This is a very important part—now that you are making a transition to a market economy you will inevitably encounter unemployment.”

New Russian legislation that encourages economic ties with Western partners and the creation of a free economic zone in the region bring out a certain enthusiasm on the part of Western businessmen associated with the Peter and Paul Committee. According to A. Palatkin, staff member of the Nevimpeks association, who also represents RAI interests in Russia, Western financiers are ready to put together a presentation of the leading Russian banks abroad.

Andre Morzalle, financial adviser and marketing director of Italian company Intertrade from the Lombardi industrial group, and Lev Koykolaynen, chairman of the Leningrad Oblast Executive Committee, have signed a protocol of intentions to implement a number of projects in Leningrad Oblast. The deal does not involve credits but instead a direct investment guaranteed by the largest insurance companies in the West.

The interests of the businessmen from the Peter and Paul Committee are not limited to plumbing equipment, sausage, polypropylene, and prefabricated housing. They are ready to finance the reconstruction of historical monuments, by creating for this purpose a charitable association, and to organize permanent exhibitions of the treasures of Russian and foreign art sold in the 1903's to foreign collectors. They are even ready to hold a fundraiser to pay for the expenses incurred in connection with returning its historic name to the city, should such a decision be adopted.

### **Moscow Meeting Discusses European Energy Cooperation**

*91UF0906A Moscow IZVESTIYA in Russian 22 Jun 91  
Union edition p 5*

[Interview with Institute of Europe Department Head Candidate of Sciences Andrey Tsimaylo by IZVESTIYA Correspondent E. Guseynov: “The Energy Industry of the New Europe”]

[Text] What we find difficult to complain about today is the lack of various international conferences that increasingly select our city as the site to conduct them. They very rarely attract the attention of society and the mass media. However, the meeting of economists, politicians, and business people that occurred on June 10 and 11 in Moscow that was devoted to the problems of European energy cooperation became an obvious exception to the general rule.

The conference was organized by the USSR Academy of Sciences Institute of Europe and the European Political Research Center (Brussels). The prospect of our country subscribing to the European Energy Charter became the primary topic discussed during this very impressive meeting which was attended by representatives of the highest echelons of administration of the USSR and Russia who are responsible for the development of the energy complex. It is a question of the document called upon to create a single energy domain in Europe—both in the sense of access to energy resources and in the sense of the creation of single legal and economic conditions for energy utilization.

Why did specialists from such a purely humanitarian scientific institution like the Institute of Europe undertake the organization of this forum?

An IZVESTIYA correspondent asked Candidate of Economic Sciences Andrey Tsimaylo, an institute department head and one of the initiators for conducting this conference, to help to clarify these issues.

“While organizing this meeting, we acted in the role of sort of information intermediaries between the representatives of the European Community and Soviet politicians and administrators. We saw the primary task as familiarizing native experts with the main ideas of the European Energy Charter and, the Europeans, with the various points of view on the development of cooperation in the energy sphere.

“It was necessary to do this even if just so that the European Energy Charter, whose development began last year at the initiative of Netherlands Prime Minister R. Lubbers (at the end of this year, this document will obviously be approved by the Western European countries), is a declaration on the coordinated development of the energy systems of the countries of Eastern and Western Europe. It is seen by the charter's authors as one of the ways to involve the economies of the Eastern European countries, and primarily the USSR, in the world economy.

"The fact is not only that today the EC [European Community] countries receive up to 10 percent of the oil and an enormous quantity of the gas that they need from the USSR and that is why they are interested in maintaining stable cooperation in this sphere. The energy industry is one of the most important base sectors of the economy. Its modernization and restructuring based on modern technology and the modern legal regime of access to energy will yield enormous purely economic advantages to Soviet society due to more rational utilization of energy resources in everyday life and in production, the thorough refining of oil and gas, and the development of fields that are inaccessible today.

"I stress: it is not a question of additional investment of resources from abroad in the current Soviet fuel and energy system or for maintenance of its obsolete, costly structure. They propose assisting the Soviet Union to develop a fundamentally new energy supply and energy consumption system that is structured to world standards.

"Although work on the issues associated with the possibility of the USSR subscribing to the charter is being conducted at the level of Union government structures today, we sense a clear lack of understanding, especially among managers, of what we are specifically proposing and about what kind of cooperation this is a question of. We have set as our task to even partially fill this information gap."

#### **Western Partners' Failure to Understand 'Socialist Economy' Hampers Trade**

91UF0900A Moscow ROSSIYSKAYA GAZETA  
in Russian 19 Jun 91 p 3

[Article by Sergey Panasenkov: "Coming Together Will be Difficult: The Planned Socialist Economy—Is not a Perverted Version of a Market Economy. Our Western Business Partners Must Remember This"]

[Text] On a fresco in a Yaroslavl church, a 17th century painter with special zeal painted Dutch and German traders burning in hell. The traders had intensely annoyed Yaroslavl buyers at that time.

Smiling bitterly while looking at this fresco, our participants at the **Soviet-German Seminar on Trade and Investment Cooperation Issues** really enjoyed themselves as did the German representatives who clearly thought that today we are substantially closer to the pangs of hell than they are.

The Lower Saxony Chamber of Trade and Industry, the Lower Saxony Union of Entrepreneurs, USSR MVES [Ministry of Foreign Economic Relations] InformVES All-Union Association, and Innotsentr-1 Small Enterprise Center organized the seminar. Two dozen representatives of Germany's small and medium businesses and nearly forty of their Soviet "colleagues" went on a week-long trip on a steamship from Kazan to Moscow in order to learn more about each other and about the conditions for

conducting economic activities in both countries, to develop contacts, and to discuss possible variations of cooperation.

Naturally it is impossible to compose an exhaustive picture during such a period of time but nevertheless the Soviet participants received, it seems, some sort of idea about the laws of a healthily functioning economy. Judging by their comments, the German businessmen were no less interested in the world of an economy that is so inefficient and just as irrational.

Authoritative experts of sufficiently high rank were invited to speak. RSFSR State Committee for Anti-Monopoly Policy and Support of New Economic Structures Deputy Chairman Leonid Bochin and RSFSR Gosbank Deputy Chairman of the Board Nikolay Ivanov represented Russian state structures and USSR and FRG [Federal Republic of Germany] Commission for Scientific-Technical Cooperation Expert Viktor Komin and InformVES Deputy General Director Yuriy Mishenin and a number of other foreign trade department officials represented union state structures.

As a result, all information that somehow or other interests native and foreign entrepreneurs, from the problems of creating free economic zones and bank reform to customs tariffs, could be placed at the disposal of seminar participants. I will make it more precise: all information which exists on this day in this sphere. And alas there is not a lot of it and here and there what exists is at times contradictory.

However, I think that the German merchants did not make this trip for specific time periods or figures. Ultimately, they did not leave Berlin or Hannover to clarify duties on imports of some or other commodity into the USSR or the specific features of taxation and Soviet Law. I got the impression that they were more interested in not so much what we had but in what we do not have. As a BABKO Westinghouse representative noted, the lack of information on some or other issue is also very important information.

Western merchants and entrepreneurs were primarily worried about the development trend and the speed and direction of changes and not about the situation at the present time. I am afraid that they did not hear anything reassuring at the seminar from this point of view.

In all fairness, I will note that, with minor exceptions, the Western seminar participants also did not rush to reassure the Soviet side with any sort of promises or predictions.

It was a surprise for many of my fellow countrymen how little the Germans were interested in our "global" domestic problems: by way of illustration, the delimitation of property between the USSR and the republics or the parceling out of hard currency. In their frequently expressed opinion, the first issue will resolve itself during the process of massive privatization and the second issue will resolve itself with the introduction of the convertible ruble. I do not intend to argue on that score. But I would like to direct attention to one circumstance.

Foreign seminar participants frequently discovered—and did not attempt to hide this—their entirely understandable ignorance of the basic rules and specific features of the functioning of the socialist economy (only natives of the former GDR [German Democratic Republic] were in a somewhat better position). Naturally, they partially agreed to make the trip for precisely this reason.

However, this did not prevent them from arriving with prepared proposals and prescriptions on how we need to reform the socialist economy. This paradox appeared through all of their assurances in a reluctance to teach us (and they actually tried very hard either not to do this or to not to do this too openly). But when the representative of a rubber goods manufacturing firm began to convince me that we only needed to repeat the experience of Poland or Czechoslovakia and not try to be clever, I involuntarily began to think about how my comments on the techniques to rapidly resolve the economic problems of the former GDR would be perceived in Germany.

I have previously had the opportunity to encounter a light view on our economic labyrinth. Naturally this is not our problem. A similar approach harms the Western entrepreneurs themselves since it confuses them and impedes them from precisely defining the most beneficial forms and variations of cooperation with our economic units.

So, the majority of the firms represented at the seminar were primarily concerned with selling us commodities or technology. Obviously, the Soviet market has been described to them as a boundless sea. Unfortunately, they have not thought much about the fact that this sea is extremely shallow because the Soviet market's purchasing capacity is not great according to Western standards. And the trouble is not nearly the nonconvertible ruble but the fact that there cannot be a high import potential with low exports.

Nevertheless, only rare German businessmen like Tomas Ecker, who represents Dekatreyd intermediary firm or Klaus Wegner, the owner of a small but reputable consulting firm, actually expressed their readiness to work to increase our export potential.

From this point of view, the direction of activity for which Innotsentr-1 Director Boris Kurtsev is preparing seems to be promising. For now this small enterprise has been engaged in organizing exhibitions and serving delegations and business meetings. Without abandoning this direction, here they are developing the idea of transforming Innotsentr-1 into a sort of mission of small and medium German firms in our country, having in mind the entire modern system of consulting and marketing services.

Innotsentr-1 already has specific proposals on this cooperation and there is the hope that the symbiosis of Western capital and technology with the economic outlook of experts who have been raised within the socialist economy and who know it thoroughly—and, moreover, who are placed on a strictly commercial basis—will provide good profits for both sides.

As for Soviet participants, those of them who counted on receiving exhaustive answers to practical questions certainly did not receive complete satisfaction. The depressing scream that we heard during one discussion "But how will it be with us the producers?!" also hung in the air. We can sympathize with our directors and chief engineers who are compelled to work in this totally abnormal situation. We need to think that they envy their German colleagues. However, even our attempts to work "in the German way" were not crowned with particular success at the seminar and there is the suspicion that the attempt to literally follow pure market practice (there were enough conversations about this at the seminar) will yield greater losses than acquisitions.

Yes, right now Germany is being transformed into the third economic superpower. The sum of geopolitical and economic factors makes a drawing together between us both desirable and possible. But, in order for it to become a reality, both sides need to avoid many illusions and misconceptions.

Our business people must not confuse potential partners with discussions about the fantastic advantages of cooperation (and several "presentations" that occurred at the seminar caused precisely this reaction). Our entrepreneurs are oh so very far from German entrepreneurs in none other than the skill to assess the offered technology and raw materials and to calculate profits and losses.

But the representatives of German business circles need to reject a number of stereotypes in thinking. The planned socialist economy is not a "perverted" version of the market economy but an independent and entirely complete economic system and therefore drawing together will be difficult and the process of transformation will be long and difficult.

#### **Basis for German Housing Contracts Questioned**

*91UF0816A Moscow ROSSIYSKAYA GAZETA  
in Russian 20 Apr 91 p 3*

[Article by Sergey Kornilov: "No Greater Numbers, No Cheaper Prices"]

[Text] **Have you ever wondered why gold mined in Russia is a stable factor of poverty and ruin of the peoples on the boundless expanse from the Urals to the Pacific?**

Have you ever wondered why the center trades in Russian gold, enriching itself?

I suggest that we grasp together the essence of an episode which is unfolding precisely during these days, as they say, before our very eyes.

At issue is the provision to the USSR of 7.8 billion marks [DM] for the construction of housing with a floor space of 2 million square meters in the territory of the European part of the country for servicemen and their families withdrawn from East Germany, in keeping with the signed intergovernmental agreement between the FRG and the USSR. By 1994, 36,000 apartments should be built; these are 17 housing developments in the Ukraine and 10 each



in Russia and Belorussia. The German side is using the same funds to build four "turnkey" prefabricated panel combines in Russia to provide elements necessary for construction.

The USSR Ministry of Defense, a purely Union establishment, acts as the main customer for this project from our side. It has two foreign-trade associations of the MVES [Ministry of Foreign Economic Relations], the Soyuzvneshtroyimport [All-Union Association for Importing Construction Equipment and Materials] and the Tekhnosport [All-Union Export and Import Association for Industrial Goods], likewise reporting to the Union, involved in selecting foreign construction companies. The foreign-trade associations decided, in turn, that they were not able to accomplish the task on their own (as they had only modest experience after 15 years of operation), and organized some kind of a consortium which was joined by five German companies headed by Dorsch Consult, and the two foreign-trade associations, the Goskomarkhitektury [State Committee for Architecture and Town Planning], and several more organizations on the Soviet side.

However, let us note one thing. Why are foreign companies being sought for the role of general contractor? During the many years of the presence of foreign construction companies in the Soviet market, fruitful relations between these companies and Soviet construction organizations have developed. It would appear that now is precisely the time, while an opportunity is opening, to enhance and expand such cooperation for the benefit of the country, rouse the class of domestic construction personnel through joint work, and generate foreign exchange for the country. However, the generals decided that Soviet construction organizations have no business barging in; they are barely meeting their own plans. Any Tom, Dick, or Harry can work for foreign exchange.

A prequalifying selection of companies wishing to win a tender (i.e., to secure an order to build to a specific design a housing settlement) was organized. The terms for prequalifying selection were published in KRASNAYA ZVEZDA, and they cannot be called anything but draconian, cutting off all opportunities for small- and medium-size Western companies and all Soviet companies to participate in the program. For example, the annual sales of a contender company should be no smaller than DM500 million.

I asked the general director of the Russian concern Sevzapstroy [expansion not identified], V. Reshetilov, to comment on the terms of the prequalifying selection organized by the USSR Ministry of Defense and the consortium. This is what he said: "Our annual turnover amounts to 7 billion rubles [R] in new prices. We build civilian facilities with an area of 7 million square meters a year. In 1990, we overfulfilled our plan for all types of work. What the Ministry of Defense and the Soyuzvneshtroyimport have thought up is insane. The military has determined that the cost of one square meter of housing space is between DM2,500 and DM2,700. Meanwhile, we could build it for half the price and no worse. Yet, we were not allowed to participate in the prequalifying selection. I do not want to

tell you the name of the big boss in the Ministry of Defense who put it precisely like this: 'We will not let the Soviets near it!'"

Let us note one more detail. Where did the aforementioned cost of one square meter of housing space amounting to between DM2,500 and DM2,700 come from? Who calculated it? In general, who determined the standard of residences in the settlements under construction? No answer can be found to these questions—it is a secret.

In response to their offers to take part in developing the concept and designing housing settlements, three leading institutes of urban design from Russia, the Ukraine, and Belorussia heard approximately what V. Reshetilov did: "You missed the boat. Proposals have already been sent to foreign companies."

Meanwhile, the proposal of designers and town planners, supported by Soviet construction organizations, applied an approach to solving the problem which was different in principle. For the DM7.8 billion allocated by the FRG Government, the USSR would buy flexible design and construction technologies in the West, and "turnkey" enterprises of the construction industry would be built. This would make it possible to get ahead perceptibly in the sphere of construction in several regions of Russia, the Ukraine, and Belorussia, because, after filling the order of the Ministry of Defense, the enterprises could work for civilian construction. The authors of this project believe, for a good reason, that their solution accommodates the interests of not only hundreds of thousands of servicemen and their families, but also the millions of citizens of Russia, the Ukraine, and Belorussia.

Let us digress for a moment from the USSR. German construction companies drawn into the implementation of the program at the initial, organizational stage, accepted the rules of Soviet behind-the-scene games, and were not averse to taking advantage of them for their own benefit. An opportunity arose to get rid of, within the framework of the program, the construction technology of the former GDR, quite imperfect from both the technical and ecological points of view, and supply it to the USSR, and to develop the construction of military settlements on this basis. In addition, an opportunity arose to distribute construction orders among "their own people," taking advantage of the stiff conditions for the prequalifying selection of companies, and thus to repatriate to the FRG the DM7.8 billion allocated by the government.

However, unlike the USSR, the FRG is an open and democratic country. A scandal was brewing. I will quote excerpts from an appeal by one of the leaders of the FRG Union of Architects Karl Stekevey to U. Geisenderfer at the Ministry of Economics: "...we believed that your ministry would use free-lance FRG architects, operating in partial cooperation with Soviet architects for performing town planning, design, and work planning; this could become a worthy model for filling orders in the sphere of planning and design...however, the general contractor for



the project, 'Working Community for Housing Construction in the USSR,' refused, apparently deliberately, to use free-lance architects and town planners.... Unless the situation changes, this transaction may become a real scandal, and deal an irreparable blow to support for medium-size entrepreneurs and self-employed individuals which your ministry continuously propagates....

"If this behavior bordering on cynicism assumes a real shape, then, apparently, the people for whom the construction projects are intended will end up in ghetto-type houses built with industrially produced standard materials...."

The USSR Union of Architects did not stay away from it either. Eight USSR people's deputies, including First Secretary of the Board of the USSR Union of Architects Yu. Platonov, sent a letter on 21 January of this year to two committees of the USSR Supreme Soviet—for the issues of defense and state security, and for architecture and construction—in which they invited the attention of the parliament of the country to how impermissible the progress of implementing the program was.

What is the explanation of the position of the USSR Ministry of Defense, an all-powerful Union organization?

First of all, potent social tensions inside the organization itself, which have especially exacerbated recently in conjunction with the start of the troop withdrawal from Eastern Europe. The results of these tensions are unpredictable, and the leadership of the Ministry of Defense is concerned about building the first housing complexes for the servicemen on time. The leadership of the Ministry of Defense failed to foresee the present-day situation ahead of time. This is why it is now patching holes for which it is to blame to begin with. However, while patching these holes and thinking about nothing but the issues of the moment, the leadership of the Ministry of Defense is sowing the seeds of no less powerful and dangerous tensions in our society by its hasty and short-sighted actions.

In an interview given to journalist Ye. Piskunov (IZVESTIYA, 29 January 1991), First Deputy USSR Minister of Defense General of the Army K. Kochetov said that it is planned to use the military settlements already built as base sites. K. Kochetov believes that this is a more practical solution than building everything from the ground up at new sites. However, he admitted that local authorities allocate land for construction to the military establishment with great difficulty. Undoubtedly, this is the crux of the matter. Under the legislation in effect, the construction of new settlements is coordinated at the republic level, whereas the expansion of those already in existence is at the local level. Knowing how "firmly" local soviets subscribe to perestroika positions at present, it is easy to understand that it was not particularly difficult for the all-powerful organization to coordinate with them the expansion of construction inside the settlements, all the more so because military and party power, the telephone rule of which still remains in effect in the provinces, have always been two peas in a pod.

In reality, the decision to build inside the existing settlements made by the USSR Ministry of Defense absolutely

fails to take into account the most complex demographic problems of the Ukraine, Belorussia, and the European segment of Russia. These are problems that have developed in conjunction with the emigration of Soviet citizens to the West, problems caused by the consequences of the Chernobyl disaster, and problems caused by a lack of human resources in rural areas. The settlement of servicemen and their families should be arranged with all of these factors in view.

In addition to what has been said, Director of the Russian State Institute of Town Planning A. Frolov points to yet another psychological aspect of the decision made by the USSR Ministry of Defense. By German standards, the cost of one square meter of residential space amounting to between DM2,500 and DM2,700 is quite low (it includes the cost of common-grid amenities and the infrastructure of the social, cultural, and service sphere), but by Soviet standards it is quite high. It will be a serious affront to the dignity of local families of servicemen whose living conditions are, putting it mildly, modest if, right before their eyes, those arriving from the promised lands will occupy much better apartments here as well.

A. Frolov and his team have calculated that not 2 million square meters of residential space could be built in the USSR but, as the saying goes, 222 million square meters, if the foreign exchange funds provided by the FRG were used thriftily, and if we embarked on the path of retrofitting operational flexible construction technologies and of adopting new ones. This is like buying milk in one case, and a cow in the other.

On 25 February, the prequalifying selection of companies for the first four tenders ended. Out of 101 companies, 24 remained. Out of these, 11 are German companies, others are Turkish, Finnish, Austrian, French, and Italian. However, this information was not released anywhere in the USSR; it was received from the FRG. The Soyuzvneshtroyimport considers this confidential, and General N. Gryaznov says: "There is no point in calling in fire on yourself each and every time. Whatever we do draws nothing but criticism." However, it is known from independent sources of information that a certain West German company is already negotiating with its long-time partner in the USSR, a major construction enterprise, with regard to signing a contract work agreement, being 100 percent certain that it will be precisely the one to win tender No. 1.

Well, well...

However, let us revisit the consortium. So, several German consulting companies have formed a consortium in order to provide consulting services. Several Soviet organizations joined the consortium: the two foreign trade associations, the Zagrantekhstroy [expansion not identified] Administration, the MVES Main Technical Administration, and the Goskomarkhitektury. It immediately leaps at one that all of these are Union organizations. There are neither republic nor independent specialists in the consortium. Nonetheless, the consortium should prepare appropriate documentation and administer tenders of which

there should be more than 40 all told—for 38 residential settlements and four housing construction combines. How is the operation of the consortium financed? It turned out that it is from the same DM7.8 billion!

Russians, Ukrainians, and Belorussians, and other peoples of our amazing country, do not wait for the center to do something useful for you. You are not of concern to it! Once again, not of concern...

[Photo caption] The cover of the magazine HORIZONT (FRG) No. 5, dated 18 January 1991. Picture caption: The construction deal in the East. The hedgehog says: "I call the shots here!"

### German Broadcast on Western Investment in USSR Criticized

91UF0901A Moscow PRAVDA in Russian 20 Jun 91  
Second edition p 3

[Article by Vasilii Parfenov under the rubric: "My Opinion"; "Sightseers": Where and Why they are Sail on the 'German Wave']

[Text] Foreign voices are being broadcast to our country almost round-the-clock in dozens of languages and dialects. Just turn the tuning dial and you will clearly hear your native language through the noise of the air waves and at the same time... something that is not at all our language. Recently I was also tuning and I suddenly heard a familiar voice. Well! That is Vasilii Selyunin! I will frankly state: I was reading my journalist shop colleague's keen articles even prior to perestroika. Many of them contained new information and differed through their bold interpretation of our statisticians' "cunning numbers" and forced me to think.

But now where are Vasilii Selyunin and his comrades? On that June evening as I soon understood, he was at a Cologne radio studio and was participating in the latest "discussion club." What was entertaining was first of all that all of the radio club session's participants, including the leader—Yefim Shuman, spoke good Russian and provided advice on how my fellow countrymen should live in the future. Indeed, the question arose: why did Doctor of Sciences L. Piyasheva, Commentator V. Selyunin, and DEMOKRATICHESKAYA ROSSIYA Editor-in-Chief I. Klyamkin have to travel so far to do this? Would it not have been simpler to organize a discussion at home in Moscow? This would also have been cheaper and there are more listeners who know Russian in the Homeland.

The discussion was about how advisable it is for the West to grant loans to the Soviet Union. And if the West should grant them, to whom and on what terms.

Larisa Piyasheva, while answering Yefim Shuman's question, stated, without beating around the bush:

"I think that to help under conditions when economic reform is not beginning in the country is to prolong the life or, as it is now customary to say, to prolong the agony of the system. And the money that is now coming in the form of aid... is going to finance the military-industry complex.

Therefore, if the West wants to help, it is better not to help the central government but the republics and still better to help private individuals who are ready to resort to entrepreneurship...."

Here I will interrupt Larisa Ivanovna and recall that the emerging class of entrepreneurs in the USSR has not been forgotten or tossed aside. Pay attention, say, to the new procedure for collecting taxes that has been prescribed by the RSFSR Supreme Soviet. There are two procedures in it: one for entrepreneurs and the other for all other taxpayers. If a rank and file worker earned, say, 211 rubles per month, he is obliged to pay a 13-percent tax on this sum, that is R27.43. Well but if an entrepreneur earned a little over 10 times more—R2,520 per month, they will not take a kopek in taxes from him.

And here is another example that confirms the Russian parliamentarians' devotion and love for the class of entrepreneurs and its cool attitude toward engineers and inventors. Say, an NII [Scientific Research Institute] engineer received a R10,000 technology improvement prize (which is certainly improbable). According to the Russian tax scale, he will receive only R6,103.65. But if an entrepreneur earns that same R10,000 sum, with the deduction of his lower tax rate, he will put the tidy sum of R9,014.60 in his pocket—nearly R3,000 more than the engineer. Larisa Ivanovna, is social justice visible here? And on what grounds do you think that reform is "not beginning" in the country? Does this law on taxes really mean nothing and also the fact that the supreme authorities of the country and Russia have adopted more than 100 laws directed at the most rapid development of market relations?

In that same radio club, V. Selyunin, unintentionally contradicting his interlocutor, showed that Western loans are sooner going not to the military-industrial complex but to pay previous debts.

"This year, 1991," he noted, "for every R10 of hard currency receipts, R9 will go to pay off credits and to pay interest and only R1 of R10 will go to purchase commodities or for other purposes."

Although indirectly but very appropriately, you, Vasilii Illarionovich, have honestly admitted what large foreign loans lead to. I share your thought. A poor state is swallowed up by large foreign loans, like in a swamp, in enslaving dependence on rich countries. Look across the ocean at the American continent. The countries of Latin America willingly took and take credits from the United States and other states but do not manage to repay with the counter-export of their cheap resources. And what is the result? The debt sums of the Latin American countries have achieved astronomical figures—\$434 billion. And this sum annually increases due to interest. Can we really not learn from other people's mistakes but do we have to commit our own dangerous mistakes?

At the previously mentioned radio club session, they particularly "comprehensively" discussed the issue to whom the loans should be given. The participants advised in concert not to send them to the USSR central government. One of them asserted:

"The Center cannot provide any guarantees, everything is going to the dogs."

Another added:

"Investing in the Soviet Union is like throwing money into a garbage pit."

Listening to this "advice," Club Leader Yefim Shuman was bewildered:

"The West prefers to help the center if only because those organizations and those people with whom Western industrialists, financiers, and politicians are accustomed to conduct negotiations are located in the center...."

However, V. Selyunin immediately dispelled the leader's confusion with references to the republics' declarations of sovereignty:

"On October 31, 1990, the Law on insuring the RSFSR's economic sovereignty was adopted. Russia does not assume responsibility for credits taken by the union government without Russia's consent...."

I listened to this talk and was struck: during the course of the discussion, my fellow countrymen were perhaps defending the positions of Western creditors more than the positions of their own state. Have they really completely forgotten about such concepts as the interests of the Homeland, their peoples, and patriotism. But then again self-flagellation was heard throughout and hostility toward the center and a desire to weaken it economically had obviously crept in.

Meanwhile, the indefatigable Yefim Shuman was striving, even if just for appearances, to direct the conversation into a creative channel. He mentioned that Bavaria could help to train engineers and retrain Soviet specialists. But the radio club participants also did not support this idea. V. Selyunin cited the devastating example:

"Sightseers will come. My daughter, an interpreter, traveled and escorted computer workers. They are also so very businesslike, these managers, and they have shirts with short sleeves.... But they did not need anything other than to bring home foreign-made pants from there...."

Later, the commentator does not entirely appropriately quote Zbigniew Brzezinski who asserts that the Soviet Union has ceased being a serious power. The Union is collapsing. The Soviet Army has become demoralized. And what sense is there in investing money there?

Why is there such antagonism between the Union and the republics? Do the radio club participants really think that the Union does not have to have a single economic domain or that customs barriers must be established at the borders of the republics for the development of market relations?

I think the facts are something else. Professor Anders Aslund expressed the thoughts of advocates of total privatization and the emerging class of entrepreneurs more frankly in THE FINANCIAL TIMES newspaper. He stressed that replacement of the existing order with a "democratic regime" and the collapse of the state into separate parts must become the preliminary condition of

any Western large-scale financial assistance to the Soviet Union. Therefore, we need to help the republics and not the center.

The radio club participants asserted that if Western countries intend to develop any type of "Marshall Plan," then there should be a minimum of 15 such plans, that is, one for each republic....

However, is it really not clear that if the country disintegrates into regions, a large clearance sale of Soviet raw materials will begin—which of the republics will sell them more rapidly and, therefore, more cheaply?

But what other revelations can Western buyers hear from the voice on the radio already not from Cologne: with large-scale exports of raw materials from the USSR, they think, "the Russians themselves will not be able to handle this volume of exports, they will need help but only so that they can support this export and nothing more."

Soviet Political Scientist S. Kurginyan correctly interprets these goals: we ourselves will have to cover the expenditures for intensification of the extraction of raw materials and we will have to pump profits into our foreign partners' pockets. Therefore, not they, but we will finance Western businessmen so that they have the opportunity, with maximum comfort, to export oil, timber, gas, and ferrous and rare metals from our state and at ridiculously low prices.

There are more than enough advisers on how to conduct the transformation of the economy in the USSR, both abroad and at home. Besides all sorts of foreign radio clubs, our native press, especially that part which finds to its liking super-fast total privatization and the business and desires of the new class of entrepreneurs, is full of recommendations. One such newspaper cites the opinion of Swedish Professor G. Adler-Carlsson. He talks about the carrot and the stick that has been prepared for our people. "In order to efficiently conduct business," he frankly states, "entrepreneurs combine the carrot and the stick. There is an army of unemployed in many countries to do this. If you do not want the revival of Stalinist camps, in the near future you need to use poverty as a stick. And then you will come to an understanding of the need to have 5-10 percent unemployed in order to obtain the "stick."

Does it turn out that it is either Stalinist camps, poverty, or unemployment? Let us frankly say that this is little choice. But maybe, we have our own special path? Incidentally, the professor has one small annoying hitch: he recommends up to 10 percent unemployment for us but he himself gets by with a "stick" that is tens times shorter. He should share how he attained that.

But let us once again return to the conclusion of the "German Wave" on which our fellow countrymen sailed. As a radio listener, I waited for everything: maybe I will find just one of my three colleagues who would put in a word for us or who would talk about the difficult roads on which the people have traveled while suffering deprivations. Alas, I listened to our countrymen gossip for half an hour—perestroika experts who generously watered their

country with their not too clean water and without hiding their desire to divide the state into sovereign parts. I did not hear anything sensible in this conversation, indeed, other than information that "some of our citizens travel abroad as 'sightseers' who do not need anything other than to bring back foreign-made pants from there."

Well, obviously there are such trips....

### Revision of RSFSR Foreign Trade Policy Urged

91UF0904A Moscow ROSSIYSKAYA GAZETA  
in Russian 10 Apr 91 p 1

[Article by Rosvneshekonkonsult Center General Director Valeriy Ivanov, candidate of economic sciences: "The Republic's Hard Currency Sovereignty"]

[Text] An important place is allotted to improving foreign economic activity in the Russian economic stabilization program which has already received the name "Program of Renewal" that has come into use. Today we propose acquainting you with the views of an expert on this problem.

Analysis of the USSR's foreign economic relations advances the following task as the top priority: putting an end to the center's expropriation of hard currency receipts, totaling more than 40 billion hard currency rubles annually, from the export of products produced on the territory of the Russian Federation.

The current model for including the USSR in the world economy developed over decades under the active influence of the CPSU Central Committee. The country's ineffective foreign economic specialization, indebtedness that increases from year to year, and the irrational and immoral bargain sales of resources in accordance with the policy of economic and military assistance to socialist and developing countries which also turns out to be a secret from the people—is the natural result of the voluntaristic, anti-popular policies of the ruling representatives of the USSR's totalitarian and cosmopolitan administrative machinery. The essence of this policy is reduced to ensuring for itself the international support of the numerous group of countries of "socialist orientation" at any price that are dependent on the needle of hard currency injections at the expense of the USSR's national income.

As a result, the structure of Soviet exports and imports has long ago come into contradiction with the demands for accelerating scientific-technical progress and the transition to a market economy. We must include the following among the primary deficiencies of foreign economic relations:

- transforming our country into the mineral-raw materials base of the industrially-developed countries and also into a stable consumer market of equipment, commodities, and agricultural products whose sale in the West is either impossible or difficult;
- supplying goods that are in extremely short supply to socialist countries in numbers that exceed their import

requirements which for many years permitted the USSR to reexport them to third countries;

- the predominance of simple forms (commodities exchange and technical assistance in constructing facilities abroad) at the same time that the modern, most efficient forms of foreign economic relations (the exchange of technologies and capital in an entrepreneurial form) did not receive serious development; and,
- the inordinately large, economically unjustifiable aid to foreign states which we estimate at more than 20 billion hard currency rubles annually.

The increase of our indebtedness to Western countries is also a natural result. If the USSR's total foreign debt was \$12.5 billion in 1975, it was \$20.5 billion in 1980, \$40.8 billion in 1987, and nearly \$70 billion at the end of 1990. In so doing, we must stress that the USSR occupies third place in industrial production volume and sixth place in foreign trade turnover in the world economic system. At the end of 1989, the USSR's foreign trade turnover totaled 141 billion foreign exchange rubles, including 68.8 billion foreign exchange rubles of exports and 72.1 billion foreign exchange rubles of imports.

Calling a spade a spade, I need to note that the term "USSR foreign economic relations" as part of its export content is practically equivalent to the term "RSFSR foreign economic relations" because the basis of the Soviet Union's export potential (nearly 80-85) is the Russian Federation's export potential. In 1989, exports of raw materials and manufactured products from the territory of the RSFSR totaled 41 billion foreign exchange rubles, including only oil, petroleum products, and gas—nearly 20 billion foreign exchange rubles. In our view, this indicator has been reduced by nearly R10-12 billion because it does not include trade positions conducted based on Russian raw materials, energy, or components exported from the territory of other union republics. The RSFSR's ratio of the USSR's export deliveries total: in lumber, automobiles, and copper—nearly 100 percent, oil, paper, and aluminum—nearly 90 percent and, gas and electrical energy—nearly 70 percent. Altogether, according to approximate calculations, RSFSR exports expropriated by the union center reached 600 billion foreign exchange rubles during the period from 1970 through 1989. At the same time, the RSFSR Council of Ministers hard currency resources did not exceed 40 million foreign exchange rubles per year.

Under conditions of the crisis and imbalance between the money and goods mass in our country, a natural question arises on the preference for selling shortage everyday necessities on the domestic market instead of shipping them abroad where we receive relatively low prices for them. Supplying 1,130,000 household refrigerators, 661,000 bicycles, 797,000 cameras, 78,000 vacuum cleaners, 215,000 washing machines, and 838,000 radio receivers for export in 1989 appears to be similar. This operation yielded a total of R202 million. This is infinitesimally little, especially if you consider that at the same time we purchased R270 million worth of grape wine and R100 million worth of apples.

It is impossible to understand the economic reasons for selling 180,000 automobiles at a price of 3,300 transfer rubles to socialist countries at a time when they cost more than R8,500 on the domestic market. Lost profit from such "exports" exceeds R1 billion.

While standing on the positions of healthy state thinking, it is impossible to understand why it is necessary to annually spend more than R2.5 billion to purchase Cuban raw cane sugar with the beautifully growing sugar beet on the entire territory of the RSFSR and Ukraine or why the union government purchases 37 million tons of grain abroad with annual losses of nearly 50 million tons of grain. And it is completely impossible to understand the real reasons for the annual dumping of 200-300 tons of gold for \$2.5-3 million on the world market. The version of the union structures that they are forced to sell gold to stabilize international payments and to pay for imports the country needs is totally inconsistent because there are more than enough inadvisable positions in our imports.

In our opinion, the real reason consists of the fact that, since the beginning of the 1970's, the USSR's union organs that manage foreign economic relations with the satellite-countries HAVE REALIZED THE COMMUNIST PRINCIPLE: "FROM EACH STATE ACCORDING TO ITS CAPABILITIES AND TO EACH STATE—ACCORDING TO ITS NEEDS." Naturally, at the cost of robbing its own people.

The center's position which was manifested in the conduct of the devaluation of the ruble's official exchange rate in relation to freely convertible currencies and also state policy on hammering out in the budget the already small hard currency assets of enterprises and organizations require special analysis. The ruble's official exchange rate is objectively determined by the nature and structure of the country's export-import products list. Using only the acute goods shortage or even the intensified high productivity of the money printing press, is it not absolutely impossible to explain why a foreigner, while exchanging his daily wages of \$100 in the USSR, receives a skilled worker's annual wage for it—nearly R3,000? Why does a video recorder worth \$250 cost R10,000 in commission stores and why is an old Japanese automobile purchased during a tourist trip for \$150-200 selling for R25,000-40,000 on the USSR market?

The impression is taking shape that there are not only objective economic but also subjective reasons for the emergence of this paradoxical situation on the country's market. In our opinion, under conditions of a proclaimed transition to a market economy and in anticipation of mass privatization of state enterprises, the previously mentioned situation is being artificially created and is intended to implement an extremely veiled initial accumulation of capital for a specific portion of the country's population that is associated with the Partocracy and the highest echelon of the bureaucracy.

In the context of the RSFSR Supreme Soviet decisions on proclaiming the Russian Federation's sovereignty, it seems necessary to immediately cease the expropriation of the

republic's national property through the export of energy, mineral, and other resources that belong to the Russian people. We need to totally restrict the competence of the USSR President and Cabinet of Ministers on our territory.

In practice, this must signify that the RSFSR will take into its own hands the sovereign rights of power and have at its disposal and utilize all of its export resources. It will independently plan foreign economic relations and all of the hard currency receipts from the export of Russian commodities will be directed into the republic budget. Russia must act like a sovereign state on the international arena and world market and conclude international treaties and agreements that regulate foreign economic relations and joint entrepreneurship with the participation of foreign firms. It is completely natural that it will have to form its own structure of highly competent republic management organs and foreign trade-economic missions to do this.

But first of all, a new concept for development of the RSFSR's foreign economic relations is required which would provide for the republic's changed place and role in the world economy with the fundamental reorientation of our specialization toward a drastic increase of exports of scientifically-intensive products and commodities with a high degree of processing. It seems that we must tie its development to the main economic regions while considering the requirements and principles of regional cost-accounting, their foreign economic specialization, and include these primary sections in it:

- an import substitution program that is linked to the republics, autonomous formations, and primary economic regions of the RSFSR;
- a resource conservation program tied to economic regions which includes foreign economic aspects;
- a republic and regional foreign economic specialization concept;
- a foreign investment substitution program on the territory of the RSFSR and expansion of the foreign activities of Russian enterprises that contain regional and sector priorities in investment substitution; and,
- a concept for creation of joint entrepreneurial zones on the territory of the RSFSR in which primary attention must be devoted to issues of attracting capital and the development of cooperation with those firms and financial structures in which emigres from Russia and their descendants occupy solid positions.

The deideologization and depolitization of foreign trade and other forms of foreign economic activities must become an issue of primary importance. It is obliged to be based exclusively on a commercial and economic interest. On the practical plane, deep thought on the state and trends of international economic relations development are needed to do this. In so doing, special attention must be devoted to the following problems that thus far have been closed to analysis:

- the scale and dynamics of growth, the causes and structure of the USSR's foreign economic debt, the names of the officials and management structures who are at fault for this;
- the scale and forms of participation of the USSR and RSFSR in the system of international exchange of technologies, research and development, know how, etc.;
- the quantitative and qualitative specifications of USSR technical assistance to foreign countries in the construction of industrial and infrastructure facilities on their territories, their goals, quantitative and cost assessment, the economic and political effect for the USSR, the projects' authors, etc.;
- the cost, material and physical specifications, and geography of USSR military assistance to foreign countries in the postwar period; the goals, scale, organization, and officials who are the initiators of aid and what this has given the USSR;
- economic aid to socialist and developing countries in the postwar period; the size, geography, and initiators of projects and the effect received for the USSR.

Finally, the development of an all-union program to relieve the country from the burden of foreign economic debt must become one more important facet. Based on the analysis of the causes and distribution of received credits or commodities purchased at their expense, we need to develop specific measures and quotas for each republic for its realization.

Foreign economic independence and the total restriction of the competence of the union government on the territory of the RSFSR are the **two mandatory conditions** for realization of the state sovereignty proclaimed by the Russian Federation. Without them, the unconditional implementation of the Declaration of Sovereignty will remain the latest proclamation.

### **Exhibition Stresses Importance of Siberia in Foreign Trade**

91UF0920A Moscow TRUD in Russian 20 Jun 91 p 5

[Interview with M. Wutclhoffer, head of the foreign activities department of the Munich Organization Affairs and Exhibitions Firm; R. Brickenstein, chairman of the SIB-91 Organizational Committee, and I. Zickinger, head of the press and advertising department of the Munich firm, by R. Kolchanov, TRUD special correspondent, in connection with the forthcoming exhibition; Bonn, date unknown: "Do Not Blunder, Siberia!"]

[Text]The SIB-91 First International Import-Export Exhibition Will Be Held in Kemerovo

[Kolchanov] When did the idea of organizing the SIB-91 originate and what is its essential purpose?

**Wutclhoffer:** The importance of Siberia to the economy of the Soviet Union is well understood in the West; the

growing attention paid to this area by the Russian parliament has been noted. Some facilities, including taxes, and the coexistence among various forms of ownership, have encouraged foreign investors. This area has a great future but it is entirely obvious that it will be unable to deal with many existing difficulties without outside help.

Two years ago we undertook to study the possible expediency and aspect of SIB-91, and finally, last July we reached the final decision of having it.

**Brickenstein:** We visited Kemerovo and Novosibirsk and made a thorough study of the local situation. We held talks with business people and scientists. We became convinced that a market situation of interest to European entrepreneurs had developed in Western Siberia.

**Wutclhoffer:** It is the unanimous belief that the agricultural sector is a priority area. It needs the use of new technology for the production of agricultural commodities, and for modernizing the old and opening new enterprises for the processing and storage of agricultural commodities. The assistance of Western entrepreneurs is needed by the local construction industry, the infrastructure, and the medical services to the population. Naturally, reality will point other areas of cooperation as well.

**Zickinger:** The main purpose of SIB-91 is the aspiration closely to combine supply with demand in both directions. European firms as well as enterprises from the Siberian area will exhibit their goods.

[Kolchanov] Have the Kemerovo partners submitted specific requests?

**Wutclhoffer:** We have received lists of goods from 18 enterprises and establishments. This includes more than 1,000 machines, systems, and various types of equipment, above all for the processing, storage, and packaging of foodstuffs, for the furniture industry, the treatment of hides, and equipment for hospitals and laboratories.

[Kolchanov] What about selling in the other direction? Will it be just raw materials? Do the people of Kemerovo have the necessary licenses?

**Zickinger:** It seems to us that the Kuzbass is ready for long-term cooperation. It has licenses for a significant amount of raw materials and semi-finished goods. Finished goods in which we are interested are also being offered.

[Kolchanov] What is the condition of the preparations for the exhibit?

**Brickenstein:** More than 70 companies from Belgium, Germany, France, the Netherlands, and Austria have expressed their wish to participate in SIB-91. We are waiting for requests from Poland and from medium-sized German companies.

[Kolchanov] What about Japan and Southeast Asia?

**Wutclhoffer:** Considerable interest has been shown. However, the Soviet partners have expressed the desire, in this case, to limit matters to cooperation with Europe. We have agreed.

[Kolchanov] Considering the present chaos in our country you, obviously, must have encountered a great deal of difficulty in the course of the preparations?

**Wutclhoffer:** Paradoxically though it may seem, everything developed efficiently and with a good organization.

[Kolchanov] Naturally, you would like to attain the highest possible amount of constructive results; to sell all the exhibited items brought over from thousands of kilometers away, and to sign a maximal number of specific contracts.

**Brickenstein:** This may be so. However, we are not relying exclusively on instant advantages but on long-term developments. At the present time the level of trade and economic relations between the USSR and the FRG is clearly inadequate. We would like to establish a strong position in the new markets, particularly in the remote areas which are now being given greater autonomy.

[Kolchanov] Do you not fear our insolvency which, alas, is no longer a rarity on our side?

**Zickinger:** This is a serious problem, the more so since quite recently the USSR enjoyed the superb reputation of being a model partner. You should not lose this reputation, for restoring your good name is much more difficult.

**Brickenstein:** We know that the West German suppliers are still owed by Soviet purchasers about two billion marks. However, this circumstance should not prevent the development of Soviet-German trade and economic relations. Your country has a tremendous potential. Nor do we forget the fact that the USSR helped achieve German unity. We feel the obligation to help you.

[Kolchanov] The exhibit will last four days. Will any activities other than talks and the making of deals take place?

**Brickenstein:** Together with the German Industry Eastern Committee, on 11 September, a so-called Day of Economics will be held under the slogan "West Siberia Is a Selling and Buying Market." We expect for its inauguration the arrival of Russia's leadership of Russia, of von Amerongen, the chairman of the Eastern Committee of German Industry, and other noted representatives of business and political circles of both countries.

Exhibition activities will also include a variety of seminars and symposiums. One of them will be held together with specialists from the USSR Academy of Sciences, on the theme of "Economic and Infrastructural Development of West Siberia." We shall discuss ecological problems as well. And although the present situation in the USSR makes many problems of the future unclear, we are at least hoping for a good and mutually advantageous start. We are prepared to engage in a great variety of forms of cooperation, particularly valuing the involvement in it of medium-sized firms, and the establishment of direct contacts. We believe that, in addition to everything else, this will help make the officially proclaimed autonomy of Soviet enterprises a real autonomy.

[Kolchanov] Clearly, the overall atmosphere will play a major role in the success of the exhibition. In this connection, what is your view about possible strikes?

**Wutclhoffer:** This, precisely, does not bother us. We will come here to help resolve the difficult problems of the area and, to the best of our efforts, to help improve life. I believe that the people of Kemerovo will understand this. We shall calmly accept the ordinary difficulties. If we lack the conveniences to which we have become accustomed in the West, we shall accept this calmly. Naturally, however, some petty matters could spoil the atmosphere, which would eventually work to the detriment of the people of Kemerovo themselves....

[Kolchanov] Such as?

**Wutclhoffer:** ... The aggressive attitude concerning foreign currency displayed by some cab drivers or hotel personnel....

[Kolchanov] Many changes have taken place in our country, not all of them for the best. Let us hope that the Siberian hospitality in September will be displayed in full.

**Prospects for RSFSR-Chile Economic Ties Hailed**  
*91UF0920B Moscow ROSSISKAYA GAZETA*  
*in Russian 25 Jun 91 p 1*

[Report by Yevgeniy Skukin: "For the Good of Russia and the Good of the Country"]

[Text] Representatives of Soviet and Chilean business circles met in Moscow for the first time in nearly two decades.

Production cooperation and the export of Chilean liqueurs and wines and the sale of technology for the marketing of petroleum products and the creation of joint enterprises for shoe manufacturing in the USSR are among the truly endless list of proposals with which the Chilean businessmen came, headed by Economic Minister Carlos Ominami. Unquestionably, the direct participation in the talks of representatives of sovereign Russia in which, according to N. Belyayev, deputy minister of foreign economic relations, 70 percent of the country's foreign economic potential is concentrated, should give Soviet-Chilean business relations additional depth and dynamism.

"We are speaking of two levels of contacts," he emphasized: "Union and Republic. They do not clash but complement each other. A process is under way of reassessing the old forms of relations among countries and the development of new ones. In the course of this process we, Russians, take into consideration the experience of the Latin American countries, Chile above all, which was able, within a short time, to achieve significant successes in its economic development. The priority tasks in our cooperation are shaping a national self-awareness, eliminating poverty, upgrading the economy, and becoming part of the global community of civilized countries. This calls for the use of the potential of Russia and Chile and for organizing



cooperation based on respect for the laws of both countries. We are contemplating the creation of joint enterprises, commercial agencies, and joint-stock companies. I believe that there must be Russian-Chilean associations: industrial, agricultural, and scientific and technical. Finally, we shall discuss the idea of a Russian-Chilean bank which will back the cooperation mechanism.

### **Contract for Baykal-Amur-Harbin Line Signed**

*91UF0913A Moscow GUDOK in Russian 13 Jun 91 p 1*

Article by GUDOK correspondent T. Andreyeva under the rubric "Contacts": "Is it Not Time To Learn Chinese"]

[Text] Tynda—The first contract between the Baykal-Amur and Harbin Railroads has been signed in Tynda. The foundation has been laid for mutually profitable cooperation between Soviet and Chinese railwaymen.

A great amount of work has gone into this. Suffice to say that the first visit of employees of the Baykal-Amur Mainline [BAM] to China took place in autumn of last year. And only in spring of this year were the details of the future contract worked out. The time was not wasted: The people acquainted themselves with the partners and their capacities, prepared the necessary technical documentation, and carried out translation of the documentation into Chinese in Harbin.

The chiefs of the railroads—Zhang Zhengqing and Albert Olgerdovich Bogdanovich—met. The chief of the Baykal-Amur Railroad was satisfied that he had found a means of at least somewhat relieving the housing situation in Tynda. The construction of houses for BAM has practically been finished, and there are still thousands of railwaymen in line, some of whom have been waiting for housing for eight-10 years apiece. How are new personnel to be hired if there is nowhere to settle them? But the Chinese builders are promising to build 17 multiapartment buildings over two and a half years. And the most important thing is that it will not be necessary to expend energy searching for bricks, wallpaper, and sanitary facilities. All this will be transported from China.

V. Kovalev, the chief engineer of the railroad, spoke well of the capacities of the Chinese partners after the trip to Harbin.

"We asked whether our colleagues could deliver us some bricks. They asked, 'How many do you need?' We said, well, perhaps about 10-12 million... The Chinese laughed. They said, we can deliver you a billion of them! Yes, of course, after all they have their factories and mighty construction trusts which cannot be compared with our puny trains. But just let us get BAM on its feet, and it will be full speed ahead for us..."

The employees of BAM also had one more cause for happiness. By preliminary agreement, truck farmers from China have already begun agricultural work on a subsidiary farm in the village of Lugovoy. There are a total of 20 people. They will stay in the village until autumn and grow tomatoes, cucumbers, cabbage, onions, and carrots. These are the very vegetables that the Amur region sovkhozes

[state farms] and kolkhozes [collective farms] are so unwilling to grow: They say that these are labor-intensive crops and that it is easier to sow wheat or soy.

But the Chinese truck farmers do not fear work. They have begun growing 170 tons of vegetables across the summer. And, in addition, they are teaching the employees of BAM how to preserve them until the spring. In general, they are showing up our kolkhozes. People say that the latter are already looking upon the unexpected competitors with apprehension.

But while they are sowing in Lugovoy village, a delegation from Harbin has arrived in Tynda headed by Hang Li Byn [name as transliterated], chief of the Harbin Railroad. With him arrived the chief engineer of one of the construction trusts, the leader of a tourist firm and of the department of foreign economic ties, and other specialists. They spent several days clarifying the provisions of the future agreement and the mutual obligations of the parties, and then they signed the contract.

After this it was possible to interview the guests. A charming Chinese translator helped us to converse with Hang Li Byn.

"As we understood it, the employees of the Harbin Railroad have made contacts with six railroads in our country. Is the scale of their contacts not too large?"

"Apparently not. After all, the Harbin Railroad is a giant of a railroad. It stretches more than 6,000 km. Some 270,000 people work on it, and 40,000 of them are builders.

"At the end of June our workers will already be crossing the border," said Hang Li Byn. "This year they are delivering two buildings of living quarters. And next year 10 will be ready for habitation. We are building quickly and in a quality fashion. In our country we erect 8,000 apartments each year on the railroad. It is no problem for us to send 300 people to BAM..."

Of course, that is only the beginning. The plans of the partners include the creation of joint ventures. Why not build, for example, a small brick factory or a plant for processing lumber? Our new friends are also proposing to deliver equipment for a brewery. Then there will be fresh Chinese beer in Tynda... What can people not do when they are united by a common interest?

When we took our leave of the Chinese delegation, my colleague from the newspaper TRUD said:

"Listen, we have been present at an historical event..."

Yes, it is a paradox of history: Our previously broken-off friendship with China is taking on a new life on that very same mainline which we began to build as a defense—because of the dangerous nearness of the powerful neighbor to the Trans-Siberian Railroad. It is good that a simple truth has finally been understood: It is more profitable to trade than to be enemies. And once that it is understood, is it not time for us to learn Chinese so that we may understand one another better?



### **Bureaucratic Obstacles Hamper Argentine Business Deals**

91UF0889B Moscow *RABOCHAYA TRIBUNA*  
in Russian 18 Jun 91 p 3

[Article by Aleksandr Oskin: "The Meat Was Good and Varied, But the Soviet Bureaucrats' Attitude Toward It Is Bad and Unvarying"]

[Text] I feel somewhat embarrassed even writing about this. In these hard times, it is simply awkward and almost indecent to write about a meat-tasting exhibition. But here is what happened. Representatives of the Argentine meat industry brought an amazingly delicious variety of meats here from their homeland and invited representatives of the Moscow public and journalists to come and taste them. I have to admit that I never even knew that the taste of ordinary beef depends not only on its quality but also on the method used to cut the meat. I learned that we in the USSR dress our meat in a barbarous manner: We simply hack pieces off instead of cutting it the way they do everywhere else in the world—anatomically.

The Argentines are extremely interested in supplying the USSR with meat and meat products. Unfortunately, they cannot do this now. Our bureaucratic barriers are still massive and pervasive. Private companies have difficulty not only in arranging for the delivery of hundreds of thousands of tons of beef, but even in bringing a few dozen kilograms into our country for tasting. It is incredible: Europe eats meat from Argentina, but we act as if we do not want it! The old regime's restrictions on imports of meat from this distant Latin American country are still in place.

Furthermore, meat is not the only thing. I had a talk with Oleg Kvasov, former USSR ambassador to Argentina. He told me that no action had been taken on hundreds of business proposals from various Argentine firms and enterprises on cooperative projects. What is even worse, Soviet central ministries and departments often did not even bother to respond. Telexes and letters from foreign firms and even telegrams from the Soviet embassy have never been answered.

Whether in desperation or in a last-ditch effort, a group of public spokesmen and industrialists from the two countries founded Arus, a Soviet-Argentine fund for research and development. There were many founders on both sides. It is not a commercial fund. Its main purpose is to help partners in the two countries find each other and begin working together directly. The meat-tasting gala was the fund's first official event.

In the future the fund hopes to assist in the establishment of enterprises in the USSR for the processing of Argentine meat and the production of meat products. Besides this, there are several dozen other projects. One of the main ones is a plan for an Argentine-Belorussian joint venture for the manufacture of sets of kitchen appliances for the home. Arus hopes to win widespread support from Soviet organizations and to surmount the obstacles of our central bureaucracy.

Argentine Ambassador to the USSR Gaston de Pratt Guy strongly endorsed the establishment of the fund. When I asked him about Buenos Aires' opinion of Arus, he said that the Government of Argentina supports this initiative, regarding the establishment of the fund as part of the dynamic development of the entire group of Soviet-Argentine ties. The ambassador expressed the belief that Arus could do much to mobilize the humanitarian, scientific, technical, and economic potential of the two countries for work on mutually beneficial joint projects and social programs.

The ambassador is optimistic. All of my journalistic colleagues and I, however, can only hope that the fund will actually be able to do something. In any case, its founders have already managed to ship several dozen kilograms of meat to Moscow. The first step is always the hardest.

### **Soviet-Chinese Flax-Processing Joint Venture Formed**

91UF0889D Moscow *IZVESTIYA* in Russian 11 Jun 91  
Union edition p 7

[Article by Yu. Savenkov, *IZVESTIYA* personal correspondent (Beijing): "Knock On Wood...; Thoughts About the Formation of a Soviet-Chinese Joint Venture"]

[Text] The articles of incorporation for the Sument Soviet-Chinese joint venture have been signed in Beijing. A flax-processing combine in Baotou (an autonomous region in Inner Mongolia) in northern China, which is already operating, will be enlarged and remodeled with Soviet equipment and technology. Capital investments will total 155 million yuan, with 63 percent of the registered capital invested by the Chinese side, and 37 percent invested by the Soviet side.

This will be the first comprehensive sectorial enterprise in China which will have a scientific research center as well as production shops. The enterprise will be capable of gradually improving the quality of products to make them competitive. Around 80 percent of the linen fabric is to be exported. The spinning mills will be operating at full projected capacity next year, and the looms will reach this level at the beginning of 1993. The investment will be recouped within 3.5 years.

It sounds like a routine business deal: Just another Soviet-Chinese joint venture, dozens of which already exist. The registered capital of Sument, however, exceeds the amount invested in all other Soviet-Chinese joint ventures. In the second place, in contrast to the others, it was formed by means of a non-governmental agreement, and our governments promised to guarantee its operations.

Jia Shoyan, director of the existing enterprise in Baotou, feels optimistic. Linen is winning a strong position in the international market and is already 20 percent more expensive than wool. Furthermore, whereas linen has always been popular in Europe, people in Southeast Asia and Japan are just beginning to appreciate it. It would be wrong to miss this opportunity. The director feels that Soviet participation will improve the quality of Chinese linen exports, including exports to the Soviet Union.

The long years of "severe frost" in our relations had an understandable impact: China was actively seeking technology in the West. The severance of ties affected the level of information on both sides, especially in the scientific and technical sphere. Now we are playing the role of an "ideologist" of comprehensive sectorial development in Baotou, and not just in Baotou per se. Many organizations in other parts of China kept an eye on the preparations for the formation of this joint venture and are now proposing their own projects. Incidentally, the scientific and economic substantiation and articles of incorporation are now being drawn up for a joint venture for the production of linen fabric in Deyang in Sichuan Province, where flax has never been grown before. This is not the only project in the works. According to Director Jia Shoyan, the time has come to supplement the documents on the general principles of the formation of Soviet-Chinese joint ventures with a more detailed agreement.

Deputy Trade Representative of the USSR to China A. Lityagin believes that the venture in Baotou will represent a higher level of cooperation. Mere deliveries of equipment are nothing new (machines, equipment, and vehicles constituted more than 45 percent of Soviet exports last year). In this project, we will be supply the technology, raising the level of Chinese exports, and earning higher profits in the joint venture as a result. Incidentally, if we wish, we can take our share not only in hard currency, but also in the fabric or raw materials we lack.

Something else is also important. We will also have access to China's experience. The work on the flax-processing combine in Baotou has been accompanied by efforts to form another joint venture, this time in the USSR, for the manufacture of jeans. China has unique experience in this field, it has denim and excellent designs and patterns, and garment manufacture in general meets the very highest standards there. In this case we will switch roles. They will supply us with technology and specialists, and we will provide the infrastructure.

Soviet specialists are certain that our presence in the Chinese market as the founders of joint ventures will increase our chances and pave the way for the establishment of new enterprises for the production of consumer goods with advanced equipment (which China has already acquired from the West).

These promising efforts to establish cooperation in the flax-processing industry could be thwarted, however, by the USSR Ministry of the Defense Industry's attitude toward the fulfillment of its international commitments. For 3 years it has been postponing deliveries of flax-processing equipment to enterprises that are being built with the technical assistance of the Soviet Union. This is undermining our position and is arousing understandable apprehension in our Chinese partners.

Nevertheless, the founders of the joint venture in Baotou have great hopes for the cooperative project. We wish the joint venture success, but just in case, we will knock on wood....

### Finances of Soviet-Cypriot Joint Venture Under Investigation

91UF0889C Moscow IZVESTIYA in Russian 10 Jun 91  
Union edition p 2

[Interview with A. Sboyev, chief of the USSR Procuracy's Administration for the Investigation of Major Cases, and Leonid Proshkin, chief investigator of major cases of the USSR Procurator General's Office, by I. Andreyev: "The Putnik-PDS Affair: The Investigation Continues"]

[Text] [Andreyev] However eventful our life may be, the readers will probably remember the fall scandal involving the 107 million German marks the Party of Democratic Socialism (the former SPD) transferred to the account of the Putnik Soviet-Cypriot joint venture. As we already reported last December, the USSR Procuracy instituted criminal proceedings against the joint venture for financial violations. How is the investigation going?

[Sboyev] There has been progress, but we do not know all of the details yet. It is an extremely multidimensional case, with surprising developments. Investigators occasionally run across the most unexpected names in the documents they receive. We are not excluding the possibility of forgery and falsification. Everything has to be checked as carefully as possible, and our administration is doing this at home, in the USSR, and in Germany, where our investigator Leonid Proshkin and staffer Viktor Zhironov from the Main Administration for Combating the Embezzlement of Socialist Property and Speculation of the USSR Ministry of Internal Affairs went in March.

[Andreyev] The first articles in the Soviet and foreign press on the Putnik-PDS affair last fall connected the illegal financial operation with the party's transfer of large sums of foreign currency to the CPSU, to which the former SPD was supposedly in debt.... Has the investigation turned up any information about this?

[Sboyev] I cannot say anything specific at this time. The investigators can and must maintain some secrecy, especially when, I repeat, the information requires the most thorough verification. I can tell you one thing: We have questioned and will continue to question all of the necessary witnesses and all of the people of interest to the investigators, regardless of their official status. Furthermore, today no one is obstructing our work, and the people we have questioned, who would have been offended by this in the past, are now treating it as a matter of course. At any rate, we have not heard any objections.

[Proshkin] I have not seen people of a certain status show this much respect for the law in all of my 19 years of investigative work. This is the first time, however, I have had a chance to work in close contact with foreign law-enforcement agencies. When we went to Germany as members of an Interpol investigation, we received all of the documents we requested.

[Andreyev] If you do not mind, we will discuss Germany later. Does the Putnik joint venture still exist?

[Proshkin] Yes, it does. It is keeping busy putting up a luxury hotel in the Zamoskvorechye district. This construction project aroused our interest, although we are mainly investigating the incident involving the 107 million marks.

The hotel, which is being built by the Yugoslavian Jastrebac firm, is growing at an amazing rate. It receives unlimited quantities of strictly inventoried materials and resources from Construction Administration-449 of the Mosinzhstroypromkomplekt Production Association. What is the reason for this generosity? We asked the auditing department of this production association to investigate the matter. Even a preliminary departmental audit revealed padded accounts totaling 140,000 rubles. In other words, the construction administration is taking money from Putnik for work the contractor did not perform. This incident, I repeat, is not directly related to the Putnik activity we are investigating, and for this reason we have separated this case from the other and will turn it over to the Moscow Rayon Procuracy.

[Andreyev] The Putnik scandal began when former SPD-PDS official Karl-Heinz Kaufman tried to withdraw a large sum of money in German marks from the account of the joint venture in Oslo. His name came up constantly in Putnik's correspondence with the PDS board. Kaufman, as we reported, was arrested and is awaiting trial with two PDS officials. In a certain sense, he is the key to an understanding of Putnik's role in the international affair. Do you know what he told investigators?

[Proshkin] We asked about his testimony when we were in Germany. He has not said anything yet, but he promises to explain everything at the trial. Oddly enough, Kaufman was much more talkative with us. Yes, we were allowed to question him, and this is vivid proof of our German colleagues' firm intention to cooperate.

[Andreyev] Did you ask Kaufman about his involvement in the Novokon limited-liability company, one of the founders of which is the NOVOSTI NEWS AGENCY, the former APN?

[Proshkin] How did you know about that? To tell you the truth, we did not expect to go into the details of this matter at this time. In Germany, however, this is a well-known fact. We learned about Novokon and its connection with Kaufman from German documents ourselves.

What we learned was that 60 percent of the registered capital of Novokon, which was founded in spring and summer last year, belongs to NOVOSTI, and the rest, in equal shares, belongs to three German citizens, one of whom is K.H. Kaufman. Igor Sinitsin, then the APN bureau chief in the GDR, was appointed the administrator. Novokon, which was founded to perform informational, cultural, and advertising services and handle real estate transactions in national and international markets, had just begun operating when the Putnik scandal broke out and Kaufman's name began to appear in print.

Do you know what the agency did? Sinitsin was fired, but he kept the title of Novokon administrator for a while.

Then he lost those credentials too. I tried to see him when I was in Berlin, but things did not work out that way, and I only spoke to him on the phone.

[Andreyev] Is NOVOSTI involved in the Putnik-PDS affair?

[Proshkin] There is no proof of this yet. All we know is that the suspect Kaufman has connections to Novokon and NOVOSTI, and people in Germany believe that he financed his investment with money stolen from the party. Obviously, this partnership completely discredited Novokon in Germany and the Soviet Union. Both have suggested the liquidation of the company.

[Andreyev] When circumstances permit, may we resume the discussion of this truly multidimensional case with its unexpected developments?

[Proshkin] Certainly. You can expect some interesting details....

#### **Lithuanian Barter Deals with Thuringia Explained**

*91UF0889A Moscow SELSKAYA ZHIZN in Russian  
7 Jun 91 p 3*

[Article by S. Pomerantsev, personal correspondent (Berlin): "Thuringia-Lithuania: The Ties Have Not Been Broken"]

[Text] The move to settlements in "hard" currency has devastated the USSR's trade relations with the former "fraternal" countries. As a rule, neither side has enough "hard" currency.

This does not apply to the former GDR, where the West German mark has held sway for almost a year. Enterprises in East Germany are making an intense effort to deal with the Soviet market, especially in view of the fact that separation from it is tantamount to death for some of them. Even when their Soviet partners have convertible currency, however, they prefer to spend it in the West.

The state of Thuringia (formerly Erfurt District) and Lithuania, however, are managing to get along without currency, exchanging meat and sausage products for wood. When I heard about this, I asked the chief executive of the Thuringian Meat Center, President Reiner Wagner of the German Slaughterhouse and Meat Industry Union, for the details.

"In cooperation with the Lithuanian Ministry of Trade," he told me, "we began delivering the finished products of our branch to the republic last year. Since that time we have sent around 250 tons of meat and sausage to Lithuania. We sell the wood we get in exchange to local processors. We use the Mukran-Klaypeda ferry crossing to ship the freight."

"Is the 'goods-for-goods' principle convenient for you?"

"We would prefer normal financial settlements. I hope this is what we will have in the future. At this time, however, we have to face the facts."

"Some of our enterprises and departments are being criticized for selling goods abroad that are in short supply in our country, and at bargain rates...."

"I hope this does not apply to our Lithuanian partners. We feel that the transactions are convenient for them. We sell our goods to them at the going rate in our country."

"What are the prospects for this trade?"

"We hope to expand it."

"Will you continue exchanging sausage for lumber?"

"If other possibilities come up, we will discuss them. I am leaving for Vilnius now for negotiations."

This seemingly isolated case has an interesting story behind it. "Under socialism," Erfurt District was ordered to make friends with Lithuania. Reiner Wagner was then the production director of a meat combine in Erfurt, and his counterpart in Vilnius was his partner. As he told me, the Thuringian and Lithuanian colleagues formed close ties of friendship.

Today no one can order anyone to make friends with someone or to cooperate in a particular way, but the personal ties still exist, and they are a big help in business today.

### U.S. Technology To Boost Soviet Newsprint Production

91UF0888A Moscow *RABOCHAYA TRIBUNA*  
in Russian 18 Jun 91 p 1

[Article by Grigoriy Bazhutin, personal correspondent (Solikamsk, Perm Oblast): "Papromak Proposes Success"]

[Text] The campaign *RABOCHAYA TRIBUNA* launched for the quick augmentation of the output of newsprint is entering its decisive phase. Its success will be guaranteed by U.S. advanced technology, American hard-currency credits, and the mutual commitment of the partners.

"What kind of contract do we have with the Papromak enterprise? According to the documents, it is an agreement to install automated control systems on two paper-making machines. In fact, however, this is an agreement to give our old combine new life and a chance at a future. If our experience is successful and is extended to other enterprises, we will be able to say that we took the first step to save our entire crumbling paper industry."

This is what I was told by Deputy General Director P. Ronzhin of the Solinamsibumprom Association. Are these optimistic forecasts of a business partnership with the recently formed Soviet-American joint venture justified?

Pavel Nikolayevich and I stood and observed a familiar scene in the shop. An seasoned operator watched the paper carefully as it wrapped around the roll. He looked at the texture of the paper. Now and then he whacked the roll with a wooden club, listening to the sound it made. This is exactly how people use their eyes and ears to monitor the technology of paper-making today. We must give the

paper-makers of Solikamsk credit for their skill, competence, and professional aptitude.

No matter how much we respect them, however, we cannot ignore the following depressing statistics. Each machine produces tons of waste each month. Even the paper that gets an "okay" from the technical control department is not competitive on the world market. Whereas they pay 600 dollars there for a ton of Canadian or Scandinavian paper, they pay just over 400 for a ton of the very best grade of Solikamsk paper. Furthermore, many Western publishing houses cannot use it at all. Solikamsk paper cannot withstand the speed of their presses and tears.

No, this is not a criticism of the Solikamsk paper-makers. This is the best possible quality the visual control of technological processes can produce. The improvement of quality requires automated control systems.

"Strictly speaking, automation is nothing new to us in paper production," association chief technologist S. Ponyagin told me. "A few years ago we experimented with it on the ninth and tenth machines, achieved a considerable savings, and simplified the operator's work, but the design proposed by Papromak is a fundamentally different level of automation."

The quality of the paper is controlled in terms of many indicators throughout the manufacturing process. Besides this, and this is particularly important, it is instantaneous control. As soon as a signal is received from the electronic brain of the machine, the paper fabric is immediately stretched or tightened and moistened or dried with the aid of infrared sensors. What is more, all of this is done virtually without any human participation, and certainly at a speed far in excess of the possible reaction of the most experienced paper-maker.

The results of carrying out the Papromak project will not, however, be confined to the improvement of paper quality. I heard many other convincing arguments in the Economic Effectiveness Division.

The amount of paper produced from the same amount of raw material will increase by 12-14 percent (or up to 30 percent according to other estimates). The amount of steam used per ton of paper will be reduced by 2 or 3 percent. The cost of producing each hectare of newsprint will be reduced by 66 kopecks.

The cost of the project is 5.1 million dollars, but General Director V. Baranov believes that the collective's hard-earned money has been invested quite profitably. According to all estimates, expenditures will be recouped within a year and a half. Then the enterprise will begin earning a profit exceeding 3 million rubles a year. Association specialists also pointed out another important feature of the project. Some mentioned it with amazement and good-natured envy: "They certainly know how to work," they said. Others shook their heads skeptically: "No, whatever you may say, this is unrealistic."

They are referring to the speed with which the automated control systems are to be installed and adjusted. To provide a basis for comparison, they reminded me how long it

took to automate the two earlier machines—almost a year and a half. This time there is twice as much equipment, a corresponding increase in the amount of installation work, and an infinitely more complex system. Nevertheless, the firm has promised to finish everything in a month.

The equipment for the system, manufactured in different countries by branches of the world-renowned AVV electrical equipment company, arrived at the combine exactly on schedule. The specialists from Papromak came to the combine. The first days of work are over. What impressions did they produce?

P. Ronzhin—"Papromak is not an easy-going partner. Its people set an extremely fast pace and put the client—i.e., us—in a tough position. It is not always easy to satisfy their demands, but they cannot be called unfair."

Ye. Slavinskiy, Papromak lead specialist, citizen of the USSR—"Things did not begin the way they should have. The problem was the sluggishness of combine administrators and the 'tradition' of slowly building up to the work, but the worst thing, in my opinion, is that the rank-and-file workers and middle management have been fairly indifferent to our project. They have not been in any great hurry to help us or to learn the details of the remodeling operation. In general, this is understandable: After all, they have no concrete financial incentive. It would have been different if the workers had owned their enterprise—with the rights of shareholders, for example.

"This seems to be one of those cases in which production relations do not correspond to the level of the projected retooling."

A. Goldstein, engineer, citizen of the United States—"The executives of any Western firm enter into a partnership with the Soviet Union with a sense of serious apprehension. So far, this feeling has been justified. In particular, it is a product of the failure to coordinate the operations of the different Soviet organizations and subdivisions of the former Ministry of the Lumber and Paper Industries that are taking part in our project."

Robin Jake, representative of the AVV company, citizen of the United States—"We have encountered certain problems, and many are ones we could not have even foreseen. What are they? I prefer not to discuss them. I hope they will be solved on a bilateral basis, without excess publicity, which could complicate our relations with our new Soviet partners. This would be extremely undesirable. After all, my company attaches great importance to this project and to the further development of relations with your paper enterprises. In general, I see no reason for serious concern yet. I still feel that the remodeling schedule is realistic."

All we can do now is wish the people who are working on this bold project all the best. We promise to keep the reader informed.

### **Black Market Dealings by Soviets in Vietnam Reported**

91UF0906B Moscow SOVETSKAYA ROSSIYA  
in Russian 22 Jun 91 First edition p 5

[Article by A. Denisovich, Hanoi: "Market Tourism"]

[Text] Judging by everything, Vietnam, along with Poland, Yugoslavia, Greece, and a whole series of other countries, have ended up in the sphere of Soviet tourists' increased attention. Many Soviet travelers are attracted here, only not by the craving to learn what is new and interesting or to introduce themselves to its ancient culture, but something else entirely—by the aspiration to profitably sell something and then to also advantageously purchase something for subsequent sale in the USSR. Soviet money also serves as the object of trade. For example, you can sell a ruble here for 250-350 dong at the official exchange rate: the TASS correspondent in Vietnam sends that it is 1:1,080.

With enormous purses crammed with children's clothing, medicines, dresses, shirts, soldier's blouses, and numerous other things, our tourists set up real bazaars on the market streets of Hanoi, even amazing the types of Vietnamese merchants who have visited with their inflexibility while making deals and their lack of desire to concede anything at all in price.

Real "professionals" of their trade have appeared among Soviet tourist groups. While completing shuttle flights between the two countries, they manage to visit Hanoi several times during a very short span of time.

**First Deputy Premier Doguzhiyev Reviews Trade With Finland***91UF0884A Moscow IZVESTIYA in Russian 18 Jun 91  
Union edition p 3*

USSR First Deputy Premier Doguzhiyev interviewed by V. Zaytsev; place and date not given: "Finland—A Priority Partner"]

[Text] Vessels built by Finnish shipbuilders ply the seas and oceans under the Soviet flag. Many purchasers in our country still wear clothing with a "Made in Finland" label. Thousands of kilometers of cables and sets of equipment ensure communications for us. Unfortunately Finnish goods, just as some others, by the way, vanished from the store counters. Ship-building orders have practically ceased and there was a sharp decline in orders for machine-building products.

Questions concerning an improvement in trade and economic relations, as well as problems pertaining to protection of the environment were discussed in the course of a visit to Finland at the beginning of June by a delegation headed by USSR First Deputy Prime Minister V. Doguzhiyev, whom we asked to respond to certain questions.

[Zaytsev] In the course of the visit you met twice with President M. Koivisto, conducted negotiations with Prime Minister E. Aho, and talked with representatives of business circles. What is the overall evaluation of the state of relations between our countries?

[Doguzhiyev] A mutual desire to preserve those good interstate relations that formed over the last decades was confirmed and paths were outlined for a search for mutually acceptable resolution of problems that have occurred.

If we speak concretely about the sphere of trade-economic collaboration, both sides evaluated the situation as highly alarming and reached a conclusion concerning the need for joint efforts to correct it. It is known that after transition to settlement of accounts in freely convertible currency, Soviet-Finnish commodity turnover decreased by more than 40 percent in the first quarter of the current year. This has its effect on Finnish firms which have relied on the Soviet market for many years, and for us it is also bad—we are not receiving goods that we need and to which the Soviet people have become accustomed.

I would like to stress that in the resolution of economic questions we proceed from the fact that stability is characteristic of Soviet-Finnish relations but the leadership of Suomi, despite all the complications, continues to regard the USSR as a priority trading partner.

By the way, in discussing these problems our Finnish interlocutors also referred to information from your newspaper.

[Zaytsev] What are the possible ways out of the situation that has been created?

[Doguzhiyev] The extension of credits to us. This will allow a faster resolution of problems concerning an expansion and perfection in the structure of the commodity turnover while decreasing the indebtedness that has formed and ensuring the financing of new contracts for the purchase primarily of

medical supplies, consumer goods, foods and products manufactured on the basis of cooperative agreements.

In addition to that we outlined a number of other measures for the stabilization of trade. In part it is planned to expand the conduct of transactions on a compensational basis, carry out mutual credit operations, develop border trade and, of course, maintain the level of mutual deliveries within the framework of traditional trade.

During the negotiations it was recognized that it is necessary to expand the practice of establishing direct ties between enterprises-producers and individual cities and regions of our countries, while the governments extend all-round support to such collaboration.

I assume that the entire complex of these measures will lead to stabilization of economic relations.

In the course of meetings with representatives of business circles we thoroughly discussed questions connected with scientific-technical collaboration and production cooperation. We must forge ahead more energetically in this direction, particularly in the development of existing and creation of new joint enterprises, including those based on types of production subject to conversion. For this we have certain premises: transition of the Soviet economy to a market economy—a process that is inevitable and irreversible as well as priority of the partnership with Finland—a long-term factor not subject to market fluctuations. Finland was the first country with which we signed an agreement pertaining to encouragement and mutual protection of capital investments which was ratified by the RSFSR Supreme Soviet. We welcome Finnish entrepreneurs sharing our viewpoint that investment activity in the Soviet Union, along with new forms of business collaboration, will promote extension of economic ties between our countries.

[Zaytsev] Today there is no need to convince anyone that ecological problems are of an international character. In what stage is Soviet-Finnish collaboration regarding questions of environmental protection?

[Doguzhiyev] In the course of M. S. Gorbachev's visit to Finland in 1989 a program of measures was signed aimed at the limitation and decrease of atmospheric pollutants. In analyzing the course of its fulfillment the parties noted that the stipulated measures are being fulfilled while corroborating their importance. Our countries established the unified "Druzhba" nature preserve. It is the largest area in Europe containing unique types of ecosystems permitting the preservation of many types of plants and animals threatened with extinction. We reached agreement on the participation of Finland in the rebuilding of metallurgical production at the Pechenganikel' combine. The Finnish side is studying the question about mutual protective measures at 15 installations in Karelia, Leningradskaya and other oblasts. The idea of creating the "Ekobaltika" international consortium received support. An agreement was reached regarding collaboration of Finnish and Soviet specialists in increasing the operational safety of nuclear power stations located on Finnish and Soviet territory with participation of specialists from international organizations.

The fact that the USSR and Finland occupy positions that coincide in many regards within the framework of various forms of international ecological collaboration serves as a guarantee of further successful partnership.

### Soviet Mafia Activities in Poland Reported

91UF0916A Moscow PRAVDA in Russian 24 Jun 91  
Second Edition p 6

[Article by Anatoliy Starukhin under the rubric "Poland":  
"Foreign Racketeers"]

[Text] Warsaw—I am strolling around the market which envelops the 230-meter high building of the Culture and Science Palace in the center of Warsaw. You can buy anything here—from a needle and a thumb tack to a stereo system, delicate French perfume, and a huge boat motor. I remember that there used to be few Russian-speaking sellers there; they were quite rare and people were amazed to see them. Thousands of them come here every day now.

#### Soviet Tourists or "Businessmen?"

Half of this market is in their hands. Our Soviet newspapers wrote about it more than once, including PRAVDA (15 April of this year). Now Polish newspapers mention this spontaneous trade of their "neighbors from across the Bug" every day. Here is the context of their coverage. They claim that the vendors bring the mafia in their wake, as well as minor and major criminals, and even arms dealers.

The EXPRESS WIECZORNY, for instance, recently published the article "Collecting Tribute in Trade and Money," under a most unambiguous rubric "Just Like Home." According to the article, the traders are rigidly controlled by racketeers coming from the same foreign country. They levy on each of them a can of caviar a day or its equivalent—75,000 zlotys. You don't want to pay? Knives flash. They take you under your arms, put you in a car, and take you out of the city. The disobedient trader, stripped of all his worldly possessions, has to return to the foreign capital on foot.

An unknown author (his article had no signature) was complaining about the Soviet Embassy in the Republic of Poland: He claimed that many people went there for help, including the police, but the diplomatic mission refused to help investigate any of the "market" incidents. I have to say in advance that nobody knows how much truth there was in this newspaper article as it had no reference to any precise information or somebody's authoritative opinion. But there is no doubt that the newspaper was right in one respect—the problem exists.

Poles remarked that in the old days the West started for the Soviet tourists in the traditional capitalist countries, now it starts in Poland. The goods that they bring can be sold at "Polish" prices and the profits can be spent on some rare commodities or on hard currency which can be also sold or exchanged and that is a strong magnet. It serves as the single goal attracting people from the USSR, Romania, and even Mongolia and Vietnam... By the end of the day the square and the alleys around the palace look as if they were hit by a hurricane: there are heaps of trash, paper,

empty bottles. The flow of our "tourists" has literally doubled and it is expected to exceed two million people this year. The promise of easy money not only brings a wave of those whom we call speculators here, but it also attracts con men, obvious crooks, thieves, racketeers, and repeat offenders who always accompany this particular industry.

The Polish police react to these events in different ways, but mostly with calm. Here is some information quoted by Boguslav Zajac, inspector of the operations and investigations bureau of the Warsaw police chief commandant's office. Visitors from behind the eastern border committed approximately 200 crimes last year. Is that a large or small number taken in proportion to the two million visitors from the foreign country? Over a million criminal cases were started in Poland against their own citizens. But this comparison cannot serve as a consolation to us in this case.

We do not have any statistical data available for this year. But here is a "fresh" fact: Six car thieves were detained in Krakow and all of them were Soviet citizens. After the recent visit of the pope ended, the following news spread over the newspaper pages: Four young men and two young women were arrested with Czech-made "Scorpio" submachine guns in their possession. They also had hand guns, a noose, and communications sets. Five of them had Soviet passports and one had a German passport. However, the authenticity of these documents is still being investigated.

Let us open the door of the Soviet Embassy. Press attache N. Trutsuk is well aware of the comments made by the local journalists.

"It is true that we do not have any official data on the crimes committed by our citizens. All violations of the Polish laws are, naturally, discovered and recorded by the Polish police. The offenders appear in Polish courts. The police do not contact us and there is no need of that."

So, such is the picture. Meanwhile, the deals continue. I would even dare to say that they continue in a pleasant atmosphere brought about by mutually profitable operations. The notion of "speculation" does not really exist in Poland. Moreover, according to a public opinion poll, the rating of Soviet people is rising as the result of the trade "explosion." How do the hosts of the country see our traders? They see them as entrepreneurs, as awakening businessmen and merchants, as future creators of a country-wide market. As we say, every cloud has a silver lining. But will we be able to find consolation in such a flattering opinion? If we do some serious thinking, all this market... has crossed our protected border. Praise be to the customs officials who can find a diamond hidden in a car tire. But do not notice a literally huge outboard motor, a compressor, an engine, some fifty bottles? That is possible only if you look the other way.

And the market with no name and no reason continues to function...



### Cuba's Treatment of Chernobyl Children, Soviet-Cuban Ties Viewed

91UF0910A Kiev KOMSOMOLSKOYE ZNAMYA  
in Russian 11 Jun 91 pp 4-5

[Article by VESTNIK CHERNOBYLYA Editor-in-Chief  
Nikolay Lyabakh, Havana-Kiev- Chernobyl: "Our People  
in Havana"]

[Text] There probably have not been as many articles on Cuba in Soviet newspapers in the entire time since the 1962 Caribbean Crisis as there have been in the last year. The thematic palette of these articles is extremely multi-colored but perhaps the hullabaloo that we have observed and that has been raised by our mass media surrounding the children who are victims of the Chernobyl accident and who are being treated in Havana is brighter than the others (Let us agree that from here on we will arbitrarily call them—"the children of Chernobyl").

I remember: The first group of children invited by the Cuban government left for the long trip in March 1990. And already three months later the Ladyzhenko letter appeared in KOMSOMOLSKAYA PRAVDA based on which then KOMSOMOLSKAYA PRAVDA's own Havana Correspondent A. Novikov wrote a short time later in his own newspaper: "It is as if there is no candid lying but as you read, you want to drown yourself as a minimum...." Indeed, this feeling arose among my respected colleagues for some reason only after the publication of the letter. But we did not consider it necessary to somehow verify the accusations set forth in the letter before we published it and we did maintain our own correspondent in Havana at that time. And the letter was not a question of the caprices of tropical weather but about things somewhat more fundamental. Well, O.K., two months later that same KOMSOMOLSKAYA PRAVDA essentially refuted all of the accusations set forth in the Ladyzhenko letter. In so doing, they were already calling him "a certain" Ladyzhenko although in the previous article they had introduced as "chairman of the 'Union' of 'Chernobyl' 'Urkenegomontazh'". Be that as it may, it seemed that the problem had been smoothed over. But no, there is life in the old dog yet: not six months have passed and ARGUMENTY I FAKTY is publishing our countryman's very same letter nearly word for word.

At that time, somehow or other an active public debate was occurring surrounding the "Cuban treatment" on the pages of other publications and on the radio waves. There also were articles on this topic in VESTNIK CHERNOBYLYA where admittedly I work, and their essence was reduced mainly to a careful statement of the type "but do we need to send not quite healthy children so far and yet again to the tropics that they are unaccustomed to?". Naturally questions were sent to many levels of authority, including to our newspaper: so, whom do we believe? If it is dangerous to send children, do we need these experiments? Do we really have few previous tests? And so forth. The situation really became tense after the sad news that some sick little ones who were ill with leucosis died right there so far away from home....

And it turned out that the Union of Young Communists of Cuba through the Consulate General in Kiev had invited a group of participants in the elimination of the aftermath of the accident at the Chernobyl AES [nuclear power plant] for medical observation and, when necessary, to conduct treatment. The author of these lines was also part of the group that flew to Cuba.

We noted without difficulty that the Cuban doctors were concerned and distressed by the hullabaloo raised in the Union surrounding the subject "Children of Chernobyl in Cuba." And frankly speaking, I can understand them. Indeed, maybe they also do not know that our children are ending up in their country under such conditions for treatment and recovery and that the majority of us here in the USSR cannot even imagine what these conditions are like. Well, is it really possible that in those "legendary" special clinics of the former Fourth and now of some unknown directorate about which they are yelling so much in our country? I have not had the opportunity to visit them, therefore I cannot compare.

The fact is, first of all, that right now we are unaccustomed to the preoccupation which the Cubans manifest in their concern for our children. The nurse leads them by the hand to the procedure. In the cafeteria, they nearly cram food into their mouths. Truthfully speaking, it was sometimes not totally comfortable to see them try to convince a child to eat "another little bite."

In the outpatient clinic, doctors personally come out into the vestibule and invite them into the reception area. At that, it was easy to note that since the second or third visit they remember each little patient by name and by face. Although in this, it sooner manifests not only heightened attention to our children but also high professionalism. And the workload among doctors who are working in the Pioneer village imeni Jose Marti where, as we all know, the main mass of Chernobyl children are recovering their health, is enormous. The workload is especially great for dentists and the flow of patients into their offices does not run out from morning until evening.

The Village imeni Jose Marti is grandiose according to Cuban and, all the more so, international standards. Frequently up to 20,000 Cuban children are billeted here during the school vacation. Now everything has been allocated to the children of Chernobyl. There is a cultural center, various playgrounds and sports fields, museums, a small store, cafeterias, and still quite a few other various necessary and useful institutions at the village. But naturally the most popular location for our children is the beach at the sea shore. And incidentally as we have noted, there is always an ambulance on standby wherever there is a large or small group of children, no matter where they are.

The children live in small two-story cottages together with teachers and nurses. But as for the bunk beds that appeared in some articles, there actually also were such beds due to which they saved some floor space since all rooms on the first floor are used for play or relaxation.



We will again return to the medical-recovery aspects of the children of Chernobyl's stay but here it is absolutely impossible to avoid one of the quite pleasant aspects for us in this matter. It is a question of that problem which so inflamed the atmosphere in a number of our countrymen far from their Homeland and in many ways prompted the writing of the well-known letters of indignation.

Everything began with the fact that the hosts wanted to also give, along with totally free room and board, an adequately high monetary allowance to adults from the first visit. This allowance was determined to be smaller for subsequent stays. And, since, as well all know, envy is more horrible than AIDS, the latter raised a fuss according to their heartfelt simplicity. In this situation, it is difficult not to sympathize with the Cuban side.

To the honor of the Cuban doctors and the organizers of this difficult act, they quite stoically bore all of the twists and turns of our envoys and strived to do the main thing—to treat the children....

In order to better understand the motives which guide the Cubans while they attempt to render the aid within their power to the children of Chernobyl, we need to examine one important aspect of this act. As we all know, to a greater or lesser degree, they are treating the children of Chernobyl in both Germany and France and in certain other affluent countries. But it is somewhat more understandable with them—they have something to share, they have something, as they say, to bite into and to even drink at the same time. But what about Cuba? The "special period" in the Cuban economy was announced, it is understandable, not from such an abundance but rather from the reverse. The simple question involuntarily arises: why are the Cubans feeding alien mouths in this situation and especially in such numbers? Why give up an enormous children's village to someone while sacrificing the relaxation and, therefore, the health of one's own children?

The person who attentively tracks the articles in our press with regard to the problem of the children of Chernobyl in Cuba that has arisen for no reason will easily recall that various authors have expressed various points of view on this score. As, for example, the assumption that, they say, this is the way the Cubans are "hammering out" for themselves their next portion of economic aid from the Soviet Union. You can certainly assume whatever you want to but some extremely skeptical thoughts arise within me with regard to this assumption. I immediately admit that these thoughts are completely subjective, although they are also partially based on other peoples' opinions who have visited and lived in Cuba. And these thoughts concern the notorious billions which they use (at the same time, they are frequently in dollars for some reason) when they talk about that invaluable aid which we have rendered to Cuba during the years that have passed since the Cuban Revolution. Yes, perhaps we did both do, invest, and render quite a bit.... But really how much has been simply "squandered"! Many of our envoys work in Cuba just like they do at home. And everyone knows how we know how to build and develop.... I think that I will not offend our Cuban friends very much if I express the involuntary

observation that the feeling of laziness that many of them have of age is not alien and here again Soviet friends are teaching their own lesson of "industriousness"....

One of our compressor building specialists told me how, for example, we are helping to set up a machine building plant at the Santa Clara compressor plant. Preparations have already been dragging on for nearly 10 years and representatives of our compressor department have been there continuously and, as a result it turns out that not only have they not produced one compressor at the plant during that time but that they have not taught even one Cuban engineer how to approach this task. And all because ministry bureaucrats have frequently arrived from Moscow as advisors who are quite far removed from the actual daily practice of compressor building. They swim in the ocean, get tanned, purchase souvenirs with the certificates they have received and—go home. And it does not only occur like this in compressor building but also in other sectors. As, incidentally, also with those nuclear reactors which we have undertaken to build in Cuba. I cite these examples for our information and so that we can more soberly and realistically assess all of our ecumenical aid about which we at times so love to talk about.

But be that as it may, the steadfast conviction has taken root in the hearts and minds of the majority of Cubans:

A Soviet friend—is the biggest and true friend. When the enemy was off the very shores of the island of Liberty and the revolution was in danger, it was the Soviet Union who helped. Plus yet another fact that during the past 30 years, hundreds of thousands and even millions of Cubans have either studied in the USSR, completed on-the-job training there, some have even gotten married here, and therefore they consider our country as nearly their second home. And it is not surprising that right now, while hearing about those dramatic events which our lives are so full of, they do not hide their chagrin: how can that be? "How could you have reached the point where you are killing one another?"—old comrades with whom I studied many years ago in Moscow have been horrified. The Soviet way has entered the consciousness of many Cubans who have named their streets in honor of our leaders; the Zhigulis which run by them; the Elektron televisions and the Soviet films which they show on these television screens.... Yes what can you say when today in every corner of Cuba it has become customary to name children Tanya, Katya, or Volodya....

And in Havana we became acquainted with a fine young man by the name of Lenin. Imagine our state when after some time had passed and during a friendly conversation, we had to invite him as follows: "Lenin, let us propose a toast to our true and inviolable friendship!"

I permitted myself such a long-winded and nearly lyrical digression to more precisely emphasize this thought: while using the circumstances that have developed and our political dispositions, we taught a smaller country our way of life or something like it, placed it in definite dependence, and now we are reproaching them for the billions invested. It would be appropriate to recall that sarcastic

and malicious definition of "American aid" which we hung every time on the charity of the "sharks of the bourgeoisie"....

Incidentally, about the "sharks of the bourgeoisie." In the 1960's when our confrontation with the States was obvious, in Cuba we needed both a true ally and an "island of the crimson sunset" from which we could see the "sharks" quite clearly and which we could even shoot at when necessary.... Now when we have sort of reached an agreement with the "sharks," we have allowed ourselves to not particularly stand on ceremony with our old friends and recent allies.

However, there is one more reason why we have to talk so long-windedly and, maybe, even in too much detail about the issue that we are already bored with: So should we send or should we not send the children of Chernobyl to be treated in Cuba? This reason is associated not with the already well-known doubts of doctors about the long and tiring trip but also with the threat of the active tropical sun. The issue concerns the statements of one the leaders of the "Union of Chernobyl" at the All-Union Conference that recently occurred in Kiev that we do not need to send the children of Chernobyl to Cuba because, they say, there is little democracy or freedom there. You know, during the two weeks of my stay in Cuba, I could not sort out if there is a lot of democracy there or a little and therefore I cannot say anything in this regard. But something else is clear: right now there is neither democracy nor freedom in our country and we do not know when they will appear. But then again there is ordinary treatment in Cuba and perhaps this is much more important for the children....

All we all see, today here in our country, in the Union, the pendulum of the assessment of our own successes and achievements has moved drastically toward the critical side. That which we had just yesterday offered up to the heavens and idolized, today we are once again mercilessly discrediting. It turns out that both the Party—the good-for-nothing helmsman, and the proletariat—the gravedigger of not only world capitalism but also of everything good that, we have learned right now, there was so much of until 1914. It turns out that Stolypin was a friend of the peoples of Russia and not any sort of reactionary and we should, as a minimum, give Nicholas II a medal.

Well, O.K., we are rushing from one extreme to the other extreme—this is not the first time in our ornate history. But why do we demand this from others? They say, there is a slogan "Give us democracy!", therefore, swords drawn—and forward. And the fact that in so doing some victims are possible, what can you do—it will not happen without this. It is good that some of our friends nevertheless have enough self-control and patience to not always pay attention to all of these appeals.

In Havana in many squares, alongside the new construction, you can catch sight of not only the numerous Jose Marti monuments and Che Guevara portraits, but also the statues and monuments of some ancient Spanish kings, missionaries, and simply also some conquistadors that

have, indeed, turned green but have been preserved. Obviously, the slogan about razing to the "ground" in the Spanish language does not sound so pressing and decisive as in the Russian language.

And one more thing which is now already "our" internal observation. Like everything the habit is deeply seated in us to teach everyone, to suggest, and also to reach out "with our own charter".... But later time passed and we began to condemn in a friendly manner both in August 1968 and in December 1979.... Therefore, with what sort of dubious irony do we comment on the beginning of the first stage of the "special period" in Cuba and assert that soon everyone will ride bicycles there, we would be better off to begin thinking about our own period.

But anyway does the matter ultimately stand directly with those people for the sake of which "we are talking all of this nonsense"? Just how has the children of Chernobyl's course of treatment and recovery been organized, that is, for whose sake are they being sent to the other end of the world? I would not like to delve into any medical details—this is a matter for specialists, but I think it is worthwhile to talk a bit about the organizational side of this difficult measure.

More than 3,000 Soviet children have visited Cuba during the past year. Maybe, on our scale, this is not such a large group but you will agree that this is large on the Cuban scale.

"Despite this, we have approached the treatment of each child on a strictly individual basis," Chief Doctor of the Children of Chernobyl Assistance Program Carlos Dotrez stressed during a conversation with us.

"And each of them is receiving special treatment."

Here I need to make a small diversion to remind our readers about those specific approaches in the organization of medical assistance in Cuba which took shape during the years after the revolution. As it has been repeatedly stated in our press, the main character in the Cuban medical structure is the family doctor, that is, the specialist who knows all of his charges individually at their residences and who constantly patronizes them regardless of appeals for assistance. In short, in accordance with the well-known and even theoretically propagandized principle in our country, it is better to prevent disease than to treat it.

"We recently moved to a new apartment," some friends in Havana told me, "and we suddenly discovered a note on our door a couple of days later: 'Martinez, I insist that you drop by my office to get acquainted at your convenience. Your doctor....'"

Incidentally, a Cuban doctor does not maintain a "history of disease" for each patient as it is customary in our country but a permanent "clinical chart." Do you grasp the difference, even if just in the name?

One more observation in connection with this. No matter where we stayed—both in Havana and in its remote or nearby suburbs, in each square, everyone—both children and adults—plays baseball. On the sports fields, between

houses, and on the sidewalks sometimes almost in the streets. Naturally, any GAI [State Automobile Inspections] agent will tell you that "this is an obvious disgrace" and you have to agree with them but, on the other hand, this is graphic evidence of a healthy life style. And you do not have to look too hard to note how fresh and energetic, regardless of age, the men look, but especially—the women. And, by the way, the Cubans love to eat well....

So, a health care subsystem, as Doctor Carlos Dotrez called it, has been created to organize the treatment of Soviet children at the Pioneer Village imeni Jose Marti. During the process of studying the state of health of the arriving children, they are divided into four groups: a) those who have malignant diseases; b) those who have other diseases, but who also need inpatient treatment; c) children with pathologies and diseases who can be treated as ambulatory patients in the camp; and d) relatively healthy children.

The children who undergo treatment and recovery at the Pioneer Village are formed into groups of from 15-30 children each and a permanent doctor and nurse are assigned to each group according to the already well-known family doctor principle.

Practically all of the young patients need dental care, besides other problems. There is a special attitude toward teeth in Cuba. If in our country we often think that nearly all diseases are caused "by nerves," the Cubans think that everything depends on the teeth—your health depends on how your teeth are. Therefore, the drilling machines in the dental offices are also buzzing from morning until night—they are filling teeth, treating decay, and bleaching enamel.... I also passed through this office and I can certify that the level of dental treatment there is high. The conditions for diagnosing and treating in the offices of these specialists are at the modern world level.

We repeatedly visited the Pioneer camp imeni Jose Marti which is spread out on 11 square kilometers near the blue sea. We tried to find children of workers of enterprises in the 30-kilometer zone among the patients. And I met a woman from Kiev in the first cottage I entered.

"I have already been here with my 16-year old daughter for four months," she explained. "They operated on her hand in Havana and she is now undergoing a recovery period."

"But why is she with the children of Chernobyl?"

"Our association, where I work, transferred the hard currency for the trip to the Komsomol Central Committee...."

Having become more closely acquainted with other of our countrymen, we became convinced that a significant number among them fortunately have a very remote connection with the Chernobyl disaster. Why did they end up in Cuba with diagnoses such as "fallen arches," "acute respiratory illnesses," etc.? Or, by way of illustration, a large group of children from Borispol Rayon's Bortnichaya, who, thank God, did not end up in the contaminated zone?

Well, with difficulty, I found only several people who were children of workers from the 30-kilometer zone from among former Pripyat and Chernobyl residents. And it turned out that they ended up receiving treatment through some sort of "connections."

We certainly can excuse the organizers of this difficult act—MDC [Youth for Democratic Action] LKSMU [Lenin Young Communist League of the Ukraine] Central Committee workers: they had neither the time nor the people to ensure that only people who need treatment most of all end up in the groups. Although, judging by the examples cited above, they are not striving very hard to do this. Say, when nearly 200 children of Chernobyl zone workers who arrived from Kiev underwent medical examinations by Cuban doctors, the "leaders" from the Komsomol Obkom found reasons to "slow down" their trip. But why did those organizations directly involved, like the "Union of 'Chernobyl'" and the "Children of Chernobyl," remain aloof from this matter?

In short, there are many questions. And the worst of it is that, instead of intelligently investigating them, some of us have found nothing better to do than to shift all of our defects onto this act of charity and in so doing also accuse people who are doing good of selfish treachery.

**Status of Vietnamese Economy, Trade Ties Assessed**  
*91UF0914A Moscow IZVESTIYA in Russian 25 Jun 91*  
*Union Edition p 7*

[Article by IZVESTIYA correspondent B. Vinogradov: "Vietnam: The Path Is Not Easy But It Is Their Own. The Seventh CPV Congress Has Opened"]

[Text] Hanoi—The main interest of foreign analysts and journalists was focussed on two issues. First: Will there be changes in Vietnamese foreign policy in connection with the well-known events in Eastern Europe and the Soviet Union, and will the existing political power structure in the country remain unshaken? Second: What shifts might be made in the highest echelons of party leadership?

In principle, answers to all these questions have already been given. The "preparatory meetings," which lasted almost a week, are over. Judging from the official report, the final version of which was read by Nguyen Van Linh, general secretary of the Central Committee of the Communist Party of Vietnam [CPV], the presently existing political system, which is based on the principles of a one-party system, and also the state structures will remain unchanged; the reforms begun in the economy will continue in the direction of market relations; in foreign policy they will remain faithful to the previously proclaimed line toward strengthening peace and international cooperation.

As for changes in the Politburo, as we have learned from official sources, at least half of its members are to be replaced.

Three years ago, Vietnam, which is familiar to many from such slogans as "the outpost of socialism in Southeast Asia," "our political and strategic ally," and "the first state of workers and peasants in Southeast Asia," had a per capita national income of only \$172. (It is now \$225.) The situation was desperate. Not one of the branches was fulfilling its plans, inflation was measured in the tens of percentage points per month, and the government was unable to get help with food.

The situation changed sharply with the introduction of a unified pricing system, free market rules, individual land use, liberalization of trade, and a number of other measures that broke with the ossified forms of management. And now the Vietnamese experience itself is probably worthy if not of emulation, at least of special attention.

In fact, is it not surprising that of all the CEMA countries Vietnam turned out to be the only one which surmounted in relatively good shape the ideological barriers on the approach to the market economy and still managed not to destroy state structures and not to cause civil conflicts and confrontations? And yet it is a multinational country (more than 60 nationalities), over the centuries and during past decades it has been split up, and, no doubt, centrifugal tendencies manifested themselves at the first opportunity.

With all the difficulties associated with the breakdown of the old bureaucratic apparatus, which are well known to us, Vietnam has managed to keep average annual growth rates of national income at a level of 3.9 percent. It has been transformed from a country that experienced a chronic shortage of food into one of the largest rice exporters in the

world. (True, in the drive for hard currency, in some places they sold abroad not only surpluses but also strategic reserves, which caused them to end up on the brink of famine in the provinces and they were forced to go into debt to their neighbors. But such blunders were written off as mistakes from which they learned something.) "Experts from Singapore who studied the situation came to the conclusion that under certain conditions Vietnam could approach the level of ASEAN [Association of Southeast Asian Nations] by the year 2000." An observer from the British newspaper THE FINANCIAL TIMES managed to include Vietnam among the "up-and-coming dragons" of Asia.

But Vietnamese economists themselves are more restrained in their predictions. They point out that the country has not yet emerged from the crisis zone and that the upswing that has begun should be regarded merely as a basis for strengthening social stability. Certain events in Eastern Europe and in the Soviet Union as well have undoubtedly not gone unnoticed in Hanoi and are having their effect on domestic policy. The course that was taken—which is presented in the draft "Strategy for the Stabilization of the Socioeconomic Development of the SRV up to the Year 2000," submitted by the CPV at its recently convened seventh congress as a platform—is linked to plans for democratization. A small nuance: This means "democratization of economic life." Judging from everything, the congress will affirm its faith in the present strategy and tactics as well as the ideological principles to which the party leadership adheres. And the possibility of the development of a market economy under the conditions of a one-party system, even if it is called "totalitarian," have been successfully proved in practice in Vietnam.

The CPV made its attitude toward pluralism and a multiparty system clear by saying "no" to them as phenomena which in the given stage entail disorder. Time will tell which is better and which is worse. Without rejecting Ho Chi Minh's precepts, the socialist option, and Marxist-Leninist ideology, at least in policy statements, the party is holding onto the reins. At the same time nobody objects to scholarly disputes about private property and man's exploitation by man.

With the adoption of the law on private entrepreneurship and others at the session in December 1990, SRV National Assembly Chairman Le Quang Dao noted in our conversation, we practically completed the creation of a legal basis for the life support for market structures. Several other draft laws are coming up, specifically on bankruptcy and unemployment.

But the invigoration of business activity has its down side as well. There are differences in worker earnings and social stratification.

And here one can clearly see a classical feature of an incipient market economy, when the number of millionaires increases rapidly but the contingent of poor and underprivileged grows much more rapidly. More than 10 million people are unemployed, and those who have work receive an average of 80,000 dongs, that is, \$10 U.S. Let us note that at the commercial exchange rate these earnings could quite possibly compare with the earnings of many of our workers. But what can a Vietnamese buy with this money? He can buy 35 kilograms of rice—the main food product here. That is all.

The ration card system was abolished long ago and there are no longer any subsidies for food, which there were previously. The enterprises and institutions themselves are looking for possibilities of helping their workers feed themselves: inexpensive or free meals, bonuses, all kinds of compensations, and so forth. But the government has told the population not to expect charity from the state but to "support themselves." That is, open up some kind of business at home. And that is why at the door of every crowded Hanoi house you will see either a mini-store, or a repair shop, or an eating house. And the ones who prosper most in this business environment are the tradesmen. In terms of circulation, private trade greatly surpasses state trade.

According to statistical data, last year contraband trade increased 1.5-fold as compared to the preceding year and reached \$200 million in terms of value. Day and night "suppliers" scurry through open sections in the border, bypassing customs and the tax inspection, and delivering to the country untold batches of cigarettes, tape recorders, computers, consumer goods, and spare parts.

The foreign trade balance with Thailand and other ASEAN countries, as a rule, is in Vietnam's favor. It would seem that this could only be a cause for rejoicing. Trade at will and open borders have undoubtedly helped to saturate the market, but at the same time they have created a good deal of trouble for local industry, having put certain enterprises on the brink of collapse.

The spiral of higher prices began to spin again at the end of last year. Economists are not excited about this, asserting that this is a predictable process of adaptation of domestic prices to world prices. They say they must get used to this. The specter of inflation has appeared on the economic horizon again. In the opinion of experts, by the end of this year it could reach 300 percent.

The representative of the UN Development Program in Hanoi, David Smith, thinks, for example, that the \$150 million the SRV receives in the form of international aid, mainly from the Western countries and Japan, is clearly not enough to cope with the difficulties. Larger infusions into the country's economy are needed. International Monetary Fund officials, having expressed their satisfaction with the fact that Vietnam has "entered on the correct path," promised to "think" about restoring its membership in this organization. At a recent regional conference of ASEAN countries in Indonesia, President Suharto called for assistance for Vietnam during this critical period. Many foreign firms are prepared to offer their services, but still look cautiously toward the United States, which has extended its embargo on trade with the SRV until this fall. Nonetheless, the representative of the Japanese Tokai Bank said this: "Vietnam is a gold mine. I can see how in a couple of years it could become an immense market."

The transition, beginning 1 January, to keeping accounts with its main trading partner, the Soviet Union, in freely convertible currency and the lack of new credit has forced the economy to adapt to real instead of mythical values. Raw materials—petroleum products, cotton, rolled metal, fertilizers—have increased in cost three to four fold, and

the costs of everything else have increased correspondingly—services, food, electric energy.

The American dollar, which has made its way into Soviet-Vietnamese trade, has put it in a frozen condition. It is as though the docks at Haiphong, Da Nang, and Ho Chi Minh City (Saigon), where until quite recently ships with Soviet flags waited in line next to one another, have been abandoned.

As early as the end of last year, when the last five-year plan in the history of our cooperation ended, one could clearly see how the moods of the partners worsened as the appointed date came closer. Soviet specialists packed their bags and left. When the old contracts expired the shipment of goods through state trade stopped immediately and the entire first quarter, usually the busiest season for the delivery of Vietnamese foodstuffs to regions of Siberia and the Far East, became a dead season. Nor did the situation change after 31 March, when the so-called transition period was over.

The very concept of a "transition period," especially when placed in such a rigid time frame, appears extremely conditional, not to say abstract. Indeed, taking into account all the imperfection of our old mechanism of economic ties, the peculiarities of the Vietnamese market, and the currency impoverishment of both countries, it would be more logical to try to surmount it in three years than in three months. Of course, under the condition that we want to accomplish this transition without mutual damage.

Under the new conditions, without credit, the Vietnamese cannot afford our specialists, for each of whom it is now necessary to pay \$3,000-3,500 per month. Of the 700 still working in Vietnam last year, about 100 remain. There are no new "construction projects based on friendship" in the plans and none are anticipated. A purely businesslike approach without any special considerations because of ideological proximity is increasingly being accepted as the norm for interaction. It is already a tendency. We ourselves have given it its dynamic. But regardless of anything, bare pragmatism, which has been so alien to our past and which we respect so much now, entails a cooling off of relations as well.

And the correlation between the new thinking and the past principles in the example of Soviet-Vietnamese relations is questionable. Vietnam has remained true to its political system, and it has moved far forward in its economic reforms, and it would seem that it would be useful for us to follow its path. But so far one must admit that—taking into account the alignment of forces in world politics and our own interests in this region, which is promised a great future in the 21st century—the SRV is still one of our closest partners. And when we say that over 35 years we have created a good base for further development here and we should not lose it, we may also keep in mind the extremely broad horizons that open out from this arena.

Will we leave Vietnam? If we pay attention to the figures cited above, the curtailment of our presence here is evident. There is the opinion that it is not to our advantage to trade with Vietnam, that we have nothing to gain from it, and that it needs us only as a market where it can easily unload its noncompetitive technical equipment. That is not true. What we receive from the SRV—rubber, tin, red wood, coffee, tea,

meat, vegetables, fruits—are mainly hard-currency goods. Much of what we sell here will also sell well in foreign trade, including KamAZ vehicles and Ladas. The Vietnamese are prepared to purchase more of them, paying purely with dollars at world prices. But we cannot deliver more.

In changing over to the market and dreaming about privatization, we should hardly make enterprises and masters of production the main subjects of trade relations instead of the state. It is no accident that in the new intergovernmental agreement it was promised to create favorable conditions for their activity. But in real life this wish sounds more like an enticement for entrepreneurs squeezed in the grip of taxes and licenses.

Such an area of cooperation as work with semiprocessed materials—making light industry items in Vietnam out of Soviet fabrics—has also been suppressed. The old interstate structure remained essentially untouched; only the subject of the agreement was replaced: The place of the ministry was taken by enterprises, which have, however, neither hard currency nor transportation (and seamen demand dollars for shipment) nor resources. And so the shirts and towels lie there covered with mold in the surplus warehouses of Hanoi, Nam Dinh, Da Nang, and Ho Chi Minh City.

The gradual elimination of the Union as the main subject in business relations with Vietnam and the delegation of commercial authority to the republics and regions are not going smoothly either. It is probably time to get a clearcut agreement with Vietnam concerning the conditions for trade and economic interaction, such as we have, say, with Czechoslovakia.

For time that has passed means missed opportunities.

### **AN-2s' Forced Landing in Thailand Detailed**

*91UF0936A Moscow TRUD in Russian 2 Jul 91 p 3*

[Article by TASS correspondent O. Velikoredchanin specially for TRUD: "Forced Landing: How Soviet Fliers Came To Be in Thailand"]

[Text] Vientiane—The odyssey of four Soviet AN-2 aircraft with 16 crew members has ended happily. On Saturday last week they took off from the Vietnamese city of Danang bound for the Laotian capital. No one could have expected that a flight that should have taken five hours would take them almost six days, or that it would be necessary to make an absolutely unplanned landing in Thailand. The aircraft were destined for the small Intel Aviation Company, set up late last year, which is to ferry freight and passengers on domestic routes inside Laos. The aircraft were delivered to Danang by a mighty Ruslan, and after assembly set course for Vientiane.

At first it seemed that no surprises were expected. This is what the detachment commander, Vladimir Yegorov, said.

"We took off from Danang early in the morning. The flight took place in conditions of total cloud cover. En route we repeatedly encountered large thunder clouds, which led to higher fuel consumption. Not far from Vientiane we ran into a strong storm, and as we started to go round it the Laotian navigator, who was carrying out the function of an escort navigator, lost his way. After we had descended it

immediately became clear that we were not over Laos: there were quite good highways carrying a lot of traffic. By that time we were short on fuel. There was no time to think about it; we caught sight of a suitable area on which construction work was under way, and we landed there. It should be said that on the ground they understood immediately what was happening, and they pulled all the equipment off to the side and made a free space.

"We found out later that this was some project of the Voice of America. When we climbed out of our aircraft we were immediately approached by some Americans. They behaved in a very kind manner. Representatives of the local authorities were also soon on the scene and the governor of the Thai province also arrived. We explained as well as we could what had happened to us: If that area had not been available we would have had to "dive" into the rice paddies. Despite our unexpected appearance they were quite hospitable toward us, and fed us and gave us beer. True, the Thais did not forget to search all the fliers. In the evening they took us to an hotel in Udon Thani city. That is where we have spent these last days. The conditions were fine, but they did not allow us to go out into the streets, or to other floors in the hotel—we had an armed guard. Thanks to help from the Americans at the place where we had landed we managed to contact Bangkok and inform our embassy of what had happened."

To the pilot's story we might add that, according to the Thai newspapers, four of our aircraft crossed the Thai border undetected and were in Thai airspace for about an hour. Moreover, the aircraft came from a Polish plant that had produced a batch of the aircraft for the All-Union Voluntary Society for Assistance to the Army, Air Force, and Navy of the USSR [DOSAAF], and so they were painted a color not usual for civilian aircraft. This all caused a certain amount of confusion among Thai officials, and sensational reports appeared in the Thai mass media about military aircraft that had supposedly landed on the territory of the kingdom. Senior officials from the Thai Air Force came to investigate the matter on the spot. A worker from the Soviet consular service came to Udon Thani from Bangkok to clarify all the circumstances, and also a representative of the Intel company from Vientiane, Yuriy Surov.

According to Yu. Surov, the local authorities were quite satisfied with the explanation offered and made no attempt to ascribe to our fliers any kind of deliberate violation of Thailand's state borders. After measuring the amount of fuel left, one Thai military official stated directly that no claims could be made against the fliers because they had fuel left for only seven to 10 more minutes. Neither was the question of any kind of landing fee raised. Just the expenses incurred by the Thai side for keeping our fliers at the hotel, their food, transportation, payment for the guard, and also for the fuel delivered to the aircraft, were paid.

Many people gathered to see off the Soviet fliers, including high military officials from Bangkok and the governor of Udon Thani province. He, in particular, wished our fliers safe journey to their destination and kindly invited them to visit Thailand again, next time as tourists. The Soviet fliers were presented with flowers at the farewell meeting.

Thus ended the six-day flight of four Soviet AN-2 aircraft that had been widely reported by the mass media. It is to be hoped that the publicity that was created will be of service to the young aviation company in its upcoming commercial activity.

**Account of Iraqi Occupation, Human Rights in Kuwait Viewed**

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Union Edition p 6

[Soviet Citizen Nataliya O.'s account of the Iraqi occupation of Kuwait as told to IAN Correspondent S. Kanayev (specially for IZVESTIYA), Kuwait—Abu-Dhabi: "We Lived in Anticipation of Death....' Our Fellow Countryman Talks About Life Under Iraqi Occupation"]

[Text] This is Soviet Citizen Nataliya O.'s account (the time has not yet come to reveal her full name) of her survival in Kuwait with her three children during the entire seven months of the Iraqi occupation. It was recorded on a tape recorder at my request by USSR Embassy in Kuwait Employee Aleksey Selivanov. Just like Natasha, four other Soviet women were left along with their Kuwaiti husbands in the occupied Emirate.

Right now when on the pages of some newspapers, at political rallies, yes and at times simply in a crowd, voices are being heard that give their due to "the strong hand of Saddam Hussein who withstood the imperialists," I think it is worthwhile to look at this last tragedy through the eyes of an eyewitness—our fellow countryman.

[Nataliya O.] The day when I heard that there were no longer Soviet embassy diplomats or experts from the USSR in Kuwait seemed like the most difficult day of my life. In general, it was difficult to immediately realize what happened on August 2nd of last year. Naturally we knew that Iraqi troops had come up to the border with Kuwait. But everyone thought that, in the event of a conflict, they would not advance more than 5-10 kilometers and would occupy just the oil fields in the north. On the other hand, the Emirate was the only Arab country of the Persian Gulf that had both materially and psychologically supported Baghdad throughout the Iran-Iraq War. And it was unthinkable to believe that aggression against Kuwait was possible.

On that day, the entire family was supposed to fly away on vacation. At four a.m. we heard the explosions of bombs and the roar of aircraft and we soon caught sight of the tanks that were racing along the road to the airport and the shot-up Kuwaiti automobiles that had ended up in their path. We spent the entire day near the windows or on the roof of the house observing what was occurring: we saw Kuwaiti police cars whose drivers could not figure out what was happening in the city. A bloody clash between withdrawing Kuwaiti troops and the Iraqis occurred before our eyes.

During the next week, tanks passed by our house at enormous speed. Obviously, this was the Iraqi Army advance guard: they passed by without bothering any of the peaceful inhabitants. But other troops arrived in the city after them. They were poorly dressed. These servicemen began to rob and kill. When it became clear that Iraq would not succeed in turning Kuwait into a part of Iraq, the terror began which increased from the end of August until January of this year. The entire country was

transformed into a concentration camp. The occupiers knew how to "plunge" a knife into the heart of a Kuwaiti: They killed children and women and destroyed entire families.

I remember how my husband and I discussed what it was easiest to do right now in Kuwait and we decided to die. This was actually simple: You only had to go out onto the street and tell any Iraqi soldier that you did not like him or simply to look at him wrong... They simply shot people in the street in front of my eyes. And this occurred more than once or twice. Sometimes they killed people just because a soldier did not like them or if someone slammed a door.

It became impossible to live. During that difficult time, the children and I crossed the border with great difficulty and reached Baghdad in order to fly to the USSR. Despite the assistance of the Soviet embassy, they would not permit me to leave.

They threatened that if I attempted to leave with the children who were entered on my passport but who were, in their opinion, Iraqis (since Kuwait where they lived was allegedly a part of Iraq), then I would spend 15 years in jail.

I had to return to Kuwait. I found it even more looted. This is difficult to recall. We live in an area where five schools are located in a row. Everything had been hauled out of them: books, desks, and chairs. The schools had been transformed into barracks in which 500-600 soldiers were housed. The Iraqis set up barracks even in the kindergartens. They looted hospitals and sent the equipment to Iraq. The outpatient clinic where I worked was destroyed. People could not receive medical treatment anywhere. Therefore, we organized a sort of home outpatient clinic in order to help people whenever possible.

On the eve of the combat operations for the liberation of Kuwait which began on January 16, the Iraqis behaved with brutality right up to a frenzy. It was impossible to go near a window: If they saw a person in a window, they began to fire in bursts. This is the way children began to die more frequently. The Iraqis arrested nearly 2,000 men—local residents—from our area. The Soldiers gathered them in huge busses on the street and took them to Iraq. Many of our neighbors have still not returned from there. The bodies of those killed in Iraq—frequently disfigured—are now being returned to Kuwait for burial.

They killed many people right alongside their homes. They brought young lads, summoned their parents, then killed their children in front of them and then gouged out their eyes, cut out their hearts and threw them away. In so doing, it was prohibited to cry and they gave them 15 minutes for a burial.

We, doctors, saw the wounded, tortured, and murdered. The Iraqis most often used tortures of the Middle Ages, tore off finger nails, gouged out eyes, cut off tongues and ears, tortured with broken glass, and burned bodies with cigarettes. We had to treat people whose male sex organs had been tightly tied with a tourniquet or wire.

Half-dead victims of torture frequently threw themselves from the torture chambers onto the street, preferring death

to torture. We had to save the lives of these people. We risked our own lives but we could not refuse when a weeping woman entered the house with a husband or son who had died in her arms.

We slept poorly at night. We feared night murders. The Iraqis arrived at night, knocked in doors, robbed, and later closed the house or apartment. Our men performed guard duty every night on the roof, warning each other with a whistle about the movement of Iraqis. They created a situation so that the occupiers sensed that they were being observed.

I can remember the day when we learned about the Iraqis readiness to use chemical weapons. You can imagine how we felt when morning came and we saw about 50 Iraqis in gas masks in the street when we glanced out the window.

We decided that we were doomed. Even the children had the feeling that maybe they were eating breakfast for the last time. Mass terror prepared us for thoughts of death. But time passed slowly and there was already no longer any fear. Everyone lived in anticipation of death but no one wanted to submit to the occupation.



**Soviet Official Comments on Peace Aftermath**

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in Portuguese 7 Jun 91 p 15

[Text] The Soviet Union will honor its commitments as an observer of the peace process in Angola, "guided by respect for and noninterference in the internal affairs" of that African country, a Soviet diplomat declared to the Portuguese news agency LUSA.

Regarding relations between Moscow and Luanda, Aleksandr Smirnov, a member of the Soviet delegation that witnessed the ceremony for the signing of the Angolan peace accords, said that "both the president (Jose Eduardo dos Santos) and the leader of the UNITA [National Union for the Total Independence of Angola] (Jonas Savimbi) welcomed the Soviet position" advocating the maintenance of the traditional friendship and bilateral cooperation.

He also made a point of noting that the two Angolan parties were thankful for the cooperation of the Soviet Union and of the United States in the peace process.

**First Steps**

"The Angolan parties are taking the first steps on a path of trust. The psychological adjustment will take years. What kind of welcome will Jonas Savimbi receive in Luanda and President Jose Eduardo dos Santos receive in Jamba?" asked the Soviet diplomat, commenting on the possibility that conflicts could arise in Angola in the future.

Aleksandr Smirnov added: "What lies in the future now for Angola is not simply a move to a new phase of the society, but an extremely difficult task."

In Smirnov's understanding, "the economic and social tension will undoubtedly give rise to a hotly contested political struggle in the country. This struggle will take place within a multiparty system and will involve other parties besides the MPLA [Popular Movement for the Liberation of Angola] and the UNITA."

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